

SIKA BUSINESS YEAR 2022

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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.

CO₂eq emissions per ton sold (scope 1 and 2)

–6.9%

Lost Time Accident per 1,000 FTEs

–23.8%

Women in Group Management

25%

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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 Sika Sustainability Report 2022 provides a comprehensive overview of the company's sustainability performance across its six target areas and beyond. Simultaneously, it highlights the performance of the new material topics, 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 two years, Sika has strengthened its sustainability organization, defining new roles and responsibilities at corporate level, regional level and 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 consists of three Board members, each of whom bring expertise in a specific ESG area. The group prepares sustainability-related topics for discussion and decision-making in the Board. The Sustainability Committee 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 organization and allocating resources; and communicating effectively through reporting and stakeholder engagement. In 2022, the Sustainability Committee met four 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.166.

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 and 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 and 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, 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. Strategize 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.

The Head of Human Resources (HR) and Compliance is a member of the Group Management who leads both the human resources and compliance functions to ensure business integrity, respect for human rights, diversity and people development. Compliance plays a key role in fostering ethical business conduct and speak-up culture. It helps the management team become aware of regulatory compliance requirements and addresses any violations of the Code of Conduct. Furthermore, the organization provides systematic trainings to employees, and monitors the effectiveness of the compliance management system, to ensure business integrity and respect for human rights. The Human Resources function defines the people strategy and promotes a culture of learning, which facilitates training and development for all Sika employees. Human Resources is also concerned with giving everyone equal opportunities. Sika has developed a framework to promote diversity, as well as measures to ensure fair, inclusive and equal treatment of all employees.

The Head of 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 of Procurement ensures responsible sourcing and compliance with sustainability and quality standards within procurement and Sika upstream supply chain. As of 2022, the global Quality, and Environment, Health & Safety (Q&EHS) function reports to the Head of Procurement.

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, combining three areas: Controlling, Sustainable Products and Sustainable Portfolio. The Leadership Team reports directly to the Chief Innovation and Sustainability Officer and is responsible for:

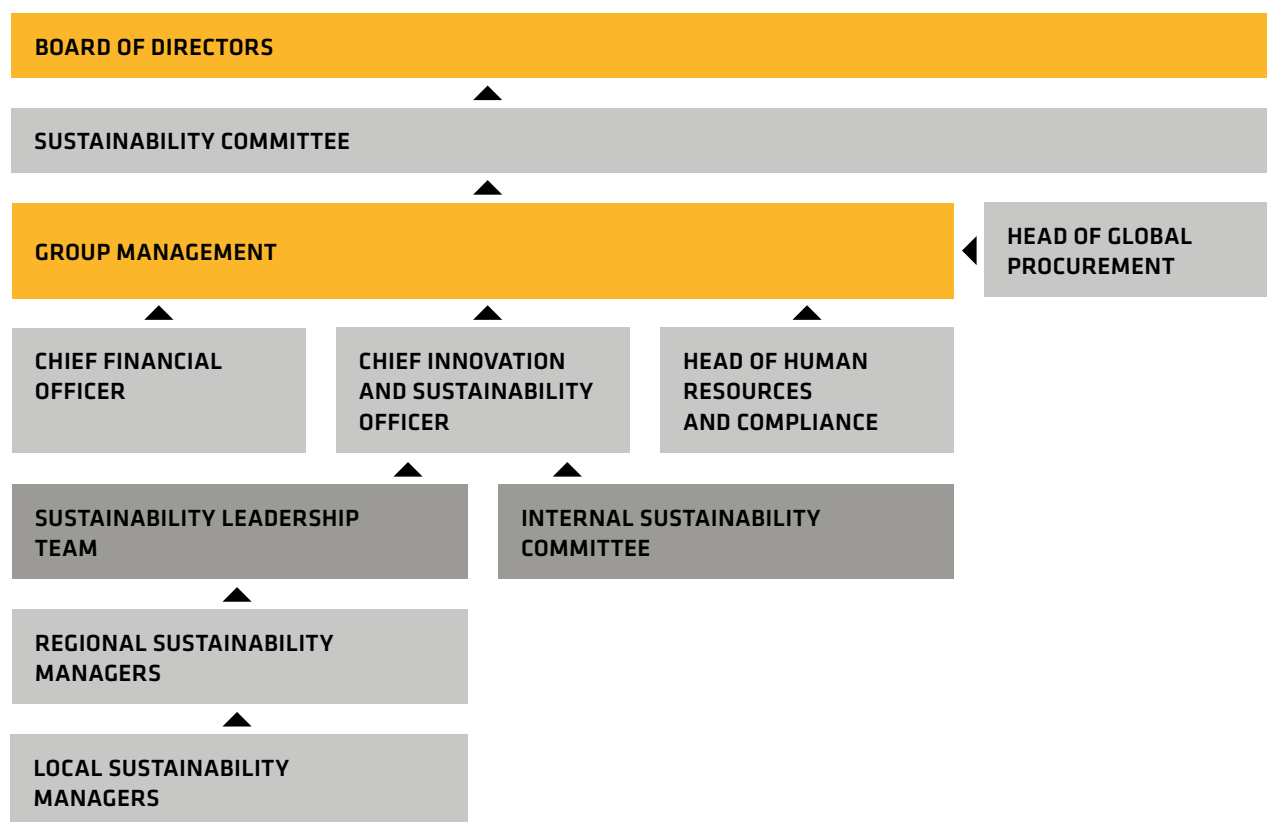
- formulating and reviewing policies and guidelines, and allocating budget for projects and initiatives;
- ensuring the ESG program integration – including the net zero roadmap and targets – into the business strategy and risk management process;
- supporting all four regions and corporate organizations 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 into new product development, from the integration of life-cycle assessments (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 and Sustainability Officer and meets quarterly. It includes the following corporate functions: Innovation and Sustainability, Operation, Quality & EHS, Communications & Investor Relations, Controlling, Mergers & Acquisitions, Human Resources, Compliance, Procurement, Marketing, and Target Markets. From 2022, Regional Sustainability Managers 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.

SIKA SUSTAINABILITY GOVERNANCE




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 current Strategy, Sika pursues six strategic target areas, focusing on Climate Performance, Energy, Waste/Water, Community Engagement, Occupational Safety, and Sustainable Solutions. For more information on Sika's business growth and sustainability strategic pillars, please see the Strategic Report on p.12 of the Annual Report 2022.

SUSTAINABILITY PERFORMANCE AGAINST TARGETS

	TARGET 2023 (BASELINE: 2019)	PERFORMANCE 2019–2022
STRATEGIC TARGETS	Climate Performance We run our business in a responsible way and mitigate climate change and its impacts. -12% reduction of CO ₂ eq emissions per ton sold (scope 1 and 2)	-6.9% reduction of CO₂eq emissions per ton sold (scope 1 and 2)¹. The emission of greenhouse gases was reduced significantly to 16.4 kg per ton sold, a reduction of 1.2 kg compared to 2021. Compared to baseline 2019: -39.2%
	Energy We manage resources and costs carefully. -15% less energy consumption per ton sold  Increase share of electricity from renewable energy sources	-2.8% reduction in the energy consumption per ton sold. Energy consumption per ton sold decreased by 9 MJ to 315.5 MJ per ton sold. Compared to baseline 2019: -16.7% 62.7% of purchased electricity was derived from renewable sources. This was an important rise compared to the prior-year figure (+10.4% points)
	Waste /Water We increase material and water efficiency. -15% less waste generation per ton sold +25% higher recycling rate of total waste -15% less water consumption per ton sold	-3.3% less waste per ton sold. The volume of waste was reduced to 10.8 kg per ton sold. Compared to baseline 2019: -23.1% 40.4% of the waste generated was recycled, a strong increase of 18.9% compared to 2021. Compared to baseline 2019: +18.7%. -6.1% reduction in water consumed per ton sold. The amount of water used per ton sold declined to 0.18 m ³ . Compared to baseline 2019: -46.1%

¹ Based on market-based GHG emissions.

TARGET 2023 (BASELINE: 2019)

Community Engagement

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

10,000 working days of volunteering work

+50% more projects

+50% more direct beneficiaries

Occupational Safety

Sika employees leave the workplace healthy.

-50% Lost Time Accidents

0 fatalities

PERFORMANCE 2019–2022

2,595 working days of employees were dedicated to volunteering work, an increase of +86.5% compared to prior year.

406 projects were carried out in and for local communities, +67.8% more projects than in the prior year. Compared to baseline 2019: +174.3%

53,666 direct beneficiaries of the Community Engagement Program. Compared to baseline 2019: +591.1%

206 Lost Time Accidents, a -19.5% decrease compared to prior year. Compared to baseline 2019: -21.1%

Zero fatalities among Sika employees and contractors.

TARGET 2023 (BASELINE: 2019)

Sustainable Solutions

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



All new product developments with Sustainable Solutions

PERFORMANCE 2019–2022

When it comes to product development, Sika combines **higher performance with additional sustainability benefits**.



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

SIKA AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN 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, knowhow, technology, and financial

resources from all of society is necessary to achieve the SDGs in every context. In 2022, 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 12 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 2022

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 new Materiality Analysis, focusing on potential ESGE – environmental, social, governance and economically – 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 was structured applying a multistep approach:

- Inventory of ESGE topics: identification of material topics influenced by the global and local contexts in which Sika operates, as well as key reporting standards (e.g., GRI, SASB, TCFD, UN SDGs, etc.), regulatory requirements, peers' benchmarking, and best practices.
- Stakeholders' identification and prioritization: involvement of a core team of Sika senior managers in a workshop to discuss and identify relevant internal and external stakeholders to be engaged during phase
- Prioritization of ESGE topics: completion of a stakeholders' survey to prioritize ESGE topics. The outcome is a shortlist of ESGE material topics.
- Materiality matrix: graphic representation of ESGE material topics on a matrix showing their level of relevance for both external and internal stakeholders.
- Approval: approval of the materiality matrix by the Board of Directors.

The analysis resulted in the selection of 29 out of over 100 potential material topics. Compared to the previous Materiality Matrix 2018, the following topics were added: Climate Change, Public Policy, Tax Strategy, Responsible Procurement, Responsible Marketing, Compliance, IT Landscape, Risk and Crisis Management, Stakeholder Engagement, Digitalization, Innovation Management; while others were removed: Emerging Markets, Transport and Logistics, Equal Remuneration, Employee and Management Relation, Employee Fluctuation. All the others were integrated in the definitions of current material topics.

For more information on the Materiality Analysis conducted in 2022, please see the summary report [Sika Materiality Analysis 2022](#) available on the corporate website.

MATERIAL TOPIC BOUNDARIES

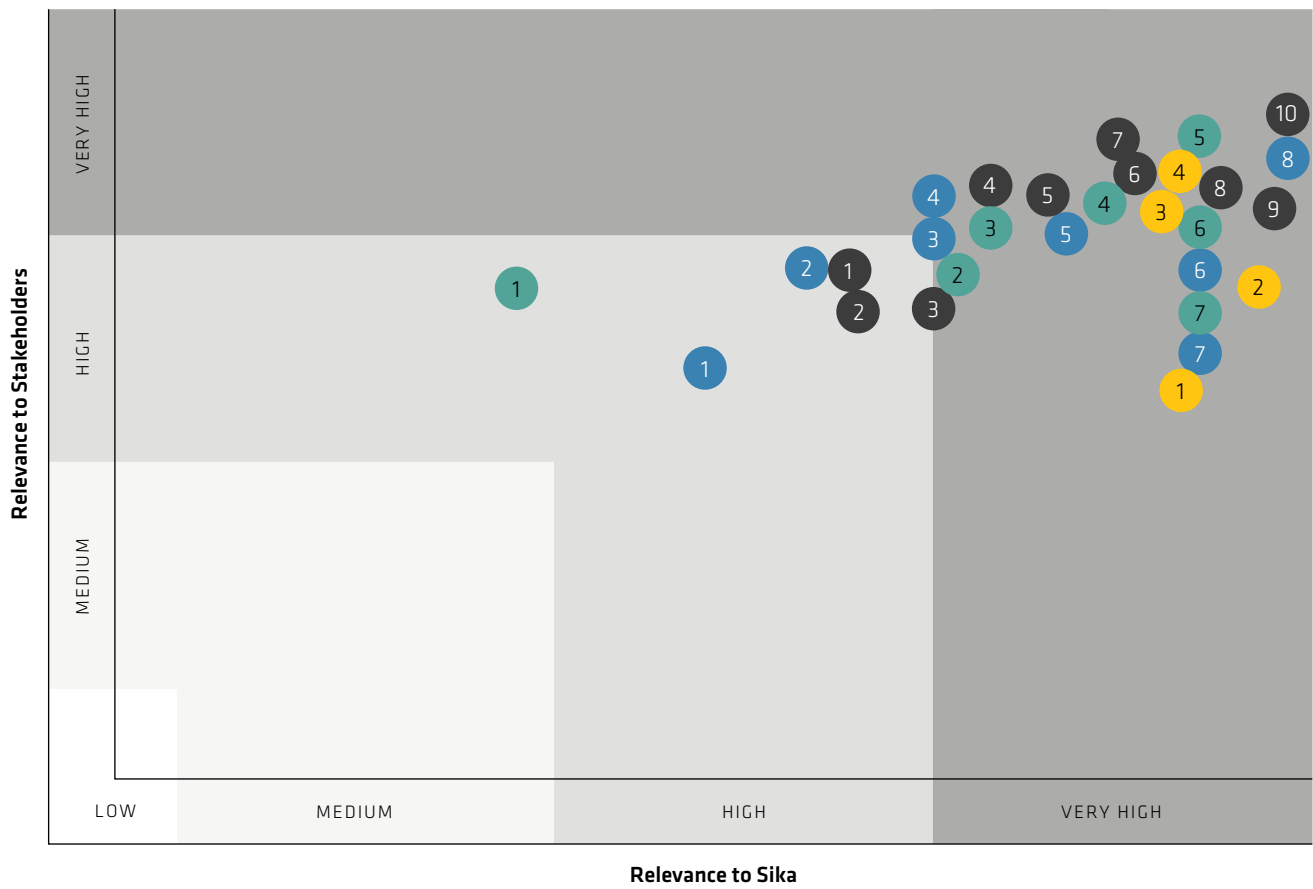
The concept of "topic boundary" is based on the expectation that organizations have a responsibility not only for the direct impact they cause, but also for the indirect impact resulting from their business relationships. These concepts are covered in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises¹. Sika structured the Sustainability Report around its material topics, organized by dimensions – environmental, social, governance, economics – their related sub-topics and boundaries. For more detailed information on material topics and boundaries, please see the document [Material Topic Boundaries 2022](#) 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. Please see the summary report [Sika Materiality Analysis 2022](#) available on the corporate website for more information. 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 2022 and the key topics and concerns raised, please see the document [Stakeholder Engagement Activities 2022](#) 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 as-

sociations, initiatives, and relevant strategic partners. For more detailed information, please see [Partnerships and Collaborations](#) and [ESG Indices and Ratings](#) available on the corporate website.

Reporting Standards & Frameworks



Membership of Associations



Initiatives



Ratings



Indices



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

Collaborations



For more information,
please visit [www.sika.com/
partnerships](http://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.

APPROACH

Sika's corporate culture promotes an inclusive and safe work environment where everyone is treated fairly and has access to equal opportunities.

HIGHLIGHTS

Revised Code of Conduct (CoC)

The revised CoC has a stronger focus on sustainability, in particular on human rights and the promotion of equal opportunities, diversity and inclusion.

Safety campaign 2022

Under the motto "Caring for Employees Beyond the Expected", the campaign strengthens Sika's safety message and reaffirms duty of care towards employees.

Establishment of a new Senior Management layer

From 2023, a new management layer of Regional and Corporate Senior Managers will be added to the organizational setup to strengthen the talent development and retention approach.

KEY FIGURES

change vs 2021

Employees

27,708
+2.4%

Proportion of women in the workforce

24%
+0.8% points

Lost Time Accidents per 1,000 FTEs

7.0
-23.8%

Average training hours per employee

13.4
+20.2%



“Our aim is to attract, engage and develop all employees at Sika to unlock their full potential. We are committed to offering an attractive and inclusive working environment. By investing in the development and upskilling of our employees, we create a highly engaged organization that is prepared to succeed in the future.”

Raffaella Marzi
Head of Corporate HR and Compliance

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 and inclusive work environment where people can unlock their full potential. A place where everyone returns home safely at the end of the workday. A place where everyone is treated fairly and has equal opportunities. A place where you can be your true self and develop a strong sense of belonging. It's 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 are adhered to by all employees around the globe. Thus, the Group's culture of trust, transparency and openness has a firm global foundation that is lived by each employee every day.

In addition to these core values, Sika introduced a Leadership Commitment framework in 2021 that is designed 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 and inspire employees. For more information on Sika sustainability organizational structure, please see the "Sustainability at Sika" chapter on p.43 of the Sustainability Report 2022. For more information on Sika corporate governance, please see the "Corporate Governance Report" on p.166 of the Annual Report 2022.

Under the motto "Caring for our Employees. Beyond the Expected", the second Sika Day was celebrated globally in 2022. It emphasized the importance of employee safety at and around work. People appreciated to gather in person in many places around the world as COVID-19 restrictions were lifted. The annual Sika Day allows the company to celebrate its people, culture, and success.

SIKA VALUES AND PRINCIPLES

Customer First

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

Courage for Innovation

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

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.

Empowerment & Respect

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

Manage for Results

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

HEALTH AND SAFETY

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

STRONG COMMITMENT TO HEALTH AND SAFETY

Sika puts safety first. Working safely is not only a program but also a way of getting things done. Providing a healthy and safe work environment for employees, monitoring health and safety standards of suppliers, and ensuring the safe use of products by customers are key elements in Sika's worldwide success.

EMPLOYEE AND CONTRACTOR HEALTH AND SAFETY

The health, safety, and well-being of all Sika employees, suppliers, and contractors is paramount for Sika. In 2022, Sika focused on increasing awareness about health and safety throughout the whole company via a dedicated communications campaign and key initiatives (Start with Safety, Visual Performance, Safety Walks, and EHS tool deployment), supported by a strengthened network of EHS professionals at global, regional, and local level. 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. A Global Safety Survey of all Sika employees was launched in 2022, with the results available in early 2023. The action plans derived from the global, regional, and local survey results will ensure that safety remains on the agenda of all Sika employees.

COMMITMENT

Sika strives to protect employees at work and ensures they leave the workplace in the same state of health as when they arrived. Sika is committed to driving continuous improvement in EHS performance.

GOALS AND TARGETS

Sika employees leave the workplace healthy. The strategic target 2023 is to reduce Lost Time Accidents by at least 50% (baseline 2019: 9.6 LTA/1000 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.47 of the Sustainability Report 2022.

RESPONSIBILITIES

General Managers bear full responsibility for the implementation of labor practices and safe working conditions in Sika's local operations. They report to the regional management, who is in

charge of the development of regional strategic plans and targets in accordance with the Group Strategy. All of them ultimately report to the CEO.

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 onwards, the compensation scheme of Group Management and Sika Senior Managers will be linked to the safety performance of the company.

THE SIKA VISION ZERO PROGRAM

The following activities, which all happened during 2022, constitute a part of the Vision Zero program which was rolled out in 2020:

- Five Regional Safety Summits involving Regional Managers, Regional EHS Managers, General 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 were rolled-out in each region to further develop safety awareness at the workplace.
- Trainings on several specific topics such as EHS Minimum Requirements, Root Cause Analysis, Risk Mitigation or Near Misses and Safety Observations were implemented throughout the Group.
- Several communication initiatives were launched to strengthen Sika's safety message and awareness through the company, such as the annual Sika Day focused on Safety, roll out of a Sika Safety Communication campaign worldwide and deployment of a Global Safety Survey to all employees.
- A new EHS Community was created on Sika intranet. Available to all Sika employees, this community enhances Sika's communication on safety through the deployment of safety communication tools. As an example, a dedicated library of Safety Moments is available for use during safety talks at the beginning of a meeting.

In addition, at Group level, four key initiatives were implemented in 2022 as part of a new and systematic approach for improving EHS performance:

- "Start with Safety" behavior at all management levels throughout the company is crucial. Managers demonstrate that safety is a core value for Sika by speaking about it. This

leadership behavior is known to be a key factor in establishing a strong safety culture.

- “Safety Walks” were initiated across the Group. Since most accidents are caused by unsafe behavior or conditions, such visits to the shop floor aim to proactively change behaviors and conditions. Organized at local level, they involve on-site teams (Production, R&D, EHS or Administration for example) in the review of the processes to trigger immediate changes and improvements.
- “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.
- The “SpheraCloud Incident Management” tool was implemented across Sika globally. 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.

SIKA SAFETY CAMPAIGN 2022

A new Sika Safety Campaign under the motto “Caring for Employees Beyond the Expected” was launched during the Sika Day 2022 and rolled out during the year in all regions. It strengthens Sika’s safety message by triggering employee’s personal mindset and encouraging them to be aware of risks, and to actively apply the predefined safety rules in the workplace. The newest internal global safety campaign concept clearly highlights how employees are Sika’s top priority.

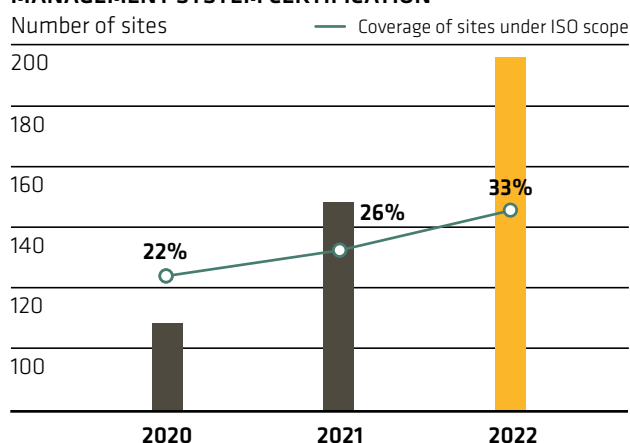
OCCUPATIONAL HEALTH AND SAFETY AND QUALITY MANAGEMENT SYSTEM

Sika maintains a Corporate EHS Management System which applies to all Sika locations and employees and fulfils the requirements of the ISO 45001:2018 “Occupational Health and Safety Management System” and of the ISO 9001:2015 “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 2022, nine internal audits with a specific focus on EHS have been conducted.

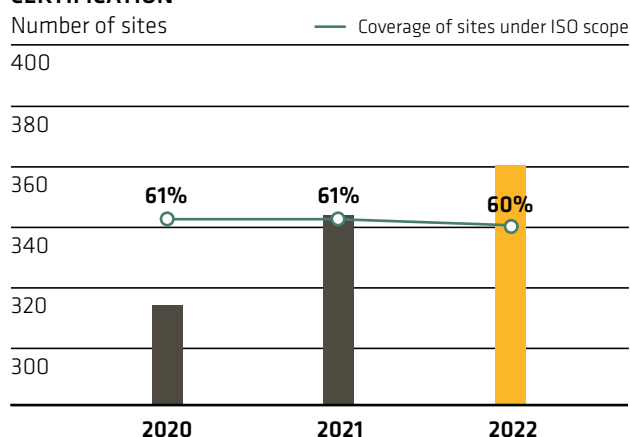
In 2022, among 601 Sika sites under ISO scope¹, 33% are certified according to ISO 45001:2018 (↓ **Table 01: ISO 45001:2018 – Occupational Health and Safety Management System Certification**, in the “Key Performance Indicators” section at the end of this chapter). The percentage of certified Sika sites improved in line with the increased focus on safety.

ISO 45001:2018 – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION



In 2022, among 601 Sika sites under ISO scope¹, 60% are certified according to ISO 9001:2015 (↓ **Table 02: ISO 9001:2015 – Quality Management System Certification**, in the “Key Performance Indicators” section at the end of this chapter). The percentage of certified Sika sites has stagnated due to acquisitions and the number of newly opened sites.

ISO 9001:2015 – QUALITY MANAGEMENT SYSTEM CERTIFICATION



¹ Considered under ISO scope there 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.

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 carries out 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.

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 causes analysis is performed, and that lessons learned are shared across the business for assessment and implementation of risk mitigation measures. From 2023, this process will be supported by the Global EHS Incident Management tool, which was rolled out during 2022.

Local companies report on health and safety indicators monthly to the Group Management. Monthly review meetings are organized at regional level with Global EHS to follow up on the safety results and adjust the management approach accordingly. In addition, safety performance is reviewed at each Group Management meeting.

GLOBAL ROLLOUT OF THE EHS INCIDENT MANAGEMENT TOOL

The integrated incident management digital tool SpheraCloud enables Sika employees to report, manage, analyze, and share EHS observations, near misses, and incidents. The development of the tool started in the first semester of 2022 with the rollout of a pilot successfully deployed across 31 locations. From June to December 2022, the tool was rolled out across the group. All employees are obliged to complete an online training on EHS basics and on how to use the Incident Management tool as part of the onboarding.

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:

- All new employees receive an induction safety training that is embedded in Sika 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.
- 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.

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. In addition, dedicated trainings on specific work-related hazards and hazardous activities are also provided to workers and contractors under the framework of the internal EHS Minimum Requirements. Each country has set up its own program to roll out and train employees to these standards.

An e-learning tool dedicated to EHS Minimum Requirements is currently under development at Group level and will be finalized in 2023.

OCCUPATIONAL HEALTH SERVICES & WORKERS' HEALTH PROMOTION

Knowing what to do and who to get in contact with in the event of an accident or injury can make it easier to get medical treatment and help prevent similar accidents. If an employee sustains an injury or illness at work, the supervisor or manager must be notified immediately. The setup of occupational health services is under the responsibility of local management teams in accordance with Sika Internal Safety Manual and Sika Life Saving Rules and might differ depending on local regulations and healthcare systems:

- In the US, for example, a dedicated procedure has to be strictly followed in case of Emergency Medical Attention or Non-Emergency Medical Attention – relying either on emergency assistance or on a medical hotline.
- In Brazil, Argentina, Mexico, a doctor is available on factory sites to carry out consultations and occupational clinical assessments related to the occupational risk of each employee.
- In the Asia/Pacific region, a REBA (Rapid Entire Body Assessment) initiative for ergonomics risks assessment has been deployed.
- In all locations in Switzerland, a network of internal first aiders is available for employees. They are the first contact for any health-related incident.

- In the Global Business region, the safety hands-on brochure “My Safety Guide” has been communicated to all employees to promote safety awareness. Informing about Sika's safety rules and programs, the booklet guides everyone through simple safety tools such as interviewing an employee or assessing a workplace and provides concrete recommendations for safety observations.

In November 2022, Sika kicked off its first Global Safety Survey in order to assess the state of safety according to all employees. Feedback will be collected until early 2023, and the results of the survey will be used to strengthen the health and safety approach throughout the organization. Promoting employees' 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. In 2022, several initiatives were rolled out:

- All Sika companies carry out awareness campaigns about the importance of vaccination and prevention of COVID-19.
- In some countries (for example Brazil and Switzerland), HR Departments carry out an annual flu vaccination campaign for employees and their families.
- In Argentina, trainings on health-related topics, such as first aid, workplace ergonomics, smoke and AIDS are regularly organized. Participation in sports, such as running events, are also encouraged by the local office.
- In the UK, a mental health hotline is available for all employees.

WORKERS PARTICIPATION, CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

In addition to the Safety Campaign rollout, Sika ensures that employees can have direct contact with superiors and management on occupational health and safety issues at all times. This allows employees to raise their concerns to improve safety and health 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 line with local regulatory requirements. In addition, employees are involved in the analyses of errors, accidents and other events if they wish or can contribute. For instance:

- In Sika North America, the Incident Review Committee meets monthly to discuss lost time incidents 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 first item on the agenda and the Steering Team meets quarterly and discusses safety as a 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 addition, a systematic monthly meeting gathering all EHS managers to review the status of incidents, share best demonstrated practices and update the EHS roadmap has been set up in 2022.
- In the Asia/Pacific region, factories installed EHS corners and a VPM (Visual Performance Management) board, which communicates regular information on safety issues and EHS-related regulatory 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 local EHS Committee. In China, a “Safety Star” is nominated every month to further promote health and safety awareness in Sika premises.
- In the EMEA region, employees participate in the preventive programme as event reporters and report on the near misses and observations. Furthermore, through the hazard hunting groups, employees and managers carry out safety walks together. Employees are also involved in the development of decisions and decision-making processes based on team memberships in topics such as Suggestion-System and improvements.

EMPLOYEE WORK-RELATED INJURIES

In 2022, no work-related fatalities occurred among Sika employees. The number of lost time accidents decreased compared to 2021 (-19.5%), leading to a lower Lost Time Accident (LTA) rate per 1,000 FTEs (7.0, -23.8%). Sika continues to focus on initiatives to improve safety awareness and culture, bring transparency on health and safety performance, and mitigate risks. Analysis of lost time accidents showed that the majority were related to manual handling and slips, trips and falls. For each serious incident or accident with lost time, a root cause investigation is conducted and corrective and preventive actions defined. An internal report summarizing circumstances, causes and actions is circulated across the Group by the EHS function.

WORK-RELATED INCIDENTS OF SIKA EMPLOYEES¹

	2020	2021	2022
Fatalities (No.)	1	0	0
Lost Time Accidents (No.) ²	230	256	206
Days lost due to Lost Time Accidents (No.)	4,650	4,919	5,707
Average days lost per Lost Time Accidents (No.)	20.2	19.2	27.7
LTA/1,000 FTES (Rate)	8.4	9.2	7.0
LTIFR ³ per 200,000 hours (Rate)	0.84	0.92	0.69
Occupational illnesses (No.)	16	10	12
OIFR ⁴ per 200,000 hours (Rate)	0.059	0.036	0.040

1 Apprentices and interns are excluded from FTEs and worked hours used for the calculation of LTA/1,000 FTES, LTIFR and OIFR.

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

3 Lost Time Injury Frequency Rate.

4 Occupational Illness Frequency Rate.

Additional health and safety indicators are monitored internally to help strengthen Sika's EHS preventive approach: recordable work-related injuries leading to restricted work or transfer work, incidents with impact beyond first aid leading to medical treatment, potential and minor injuries and also commuting accidents or work-related stress cases.

In 2022, no work-related fatalities of Sika contractors occurred. The number of contractor lost time accidents decreased compared to 2021 (-13.3%). Implementation of Group-wide minimum requirements for on-site contractors management contributed to this improvement. Sika places equal importance on the health, safety and well being of contractors as on Sika employees.

WORK-RELATED INCIDENTS OF CONTRACTORS

	2020	2021	2022
Fatalities (No.)	1	0	0
Lost Time Accidents (No.)	11	30	26

OCCUPATIONAL ILLNESSES

In 2022, twelve occupational illnesses have occurred for Sika employees, an increase by two cases compared to 2021, as reflected in the OIFR⁴ development. The most common causes were related to skin or respiratory diseases, or musculoskeletal disorders. In all cases, the 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 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.126 of the Sustainability Report 2022.

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 results from acting in compliance with laws and regulations.

Sika operates a Group-wide, culturally well-accepted Compliance Management System. The Group pursues a comprehensive approach to compliance and engages the whole organization through all hierarchies, functions and geographical areas.


In the first half of 2022, the Board of Directors approved a revision of Sika's 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.

COMMUNICATING CRITICAL CONCERNS, THEIR NATURE AND TOTAL NUMBER

Sika promotes transparency and a speak-up culture around the world. Concerns are defined as "critical" based on their severity. The company classifies reported concerns, distinguishing three priority levels: 1) reports concerning the most severe violations or misconduct are addressed and managed under the lead of Corporate Compliance; 2) concerns may be handled regionally or even locally, with the agreement of Corporate Compliance; 3) concerns may be handled locally, without involvement of Corporate Compliance. Sika identifies critical concerns based on surveys, audits and complaints that are escalated to Corporate HR & Compliance.

A digitalized questionnaire called "Compliance Confirmation" is the main survey tool used to foster transparency and speak-up. This survey is sent to all General Managers by Corporate Compliance once per year. In early 2023, all GMs confirmed that during the calendar year 2022, Sika's core compliance policies and manuals regarding fundamental environmental, anti-corruption, fair competition, labor laws and human rights were implemented at each entity, and that all GMs provided adequate information and training concerning these topics to their staff.

Audits may uncover possible or actual misconduct or violations of Sika policies. If this is the case, the involved audit function – up to 2022 primarily Internal Audit, henceforth also Corporate Compliance with its targeted compliance audits – escalates the matter, thus triggering a compliance investigation (about the Compliance Audit program, see also further below).

Compliance investigations may also be triggered by complaints. Employees and external stakeholders are encouraged to report perceived violations or misconduct, either through the commonly used communication channels (phone, email, mail) or via an online grievance mechanism. The online reporting channel, called  **Sika Trust Line**, is operated on the server of an external party and allows for anonymous reporting directly to the attention of Corporate Compliance. In accordance with its motto "Building Trust", Sika invites everyone to speak up openly rather than anonymously, and grants all those who speak up in good faith far-reaching protection against retaliation.

To be considered critical, violations or misconduct must fall into at least one of the following categories: corruption/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, discrimination, harassment, retaliation, etc.); or breach/misuse of confidential information (including violation of privacy protection laws).

COMPLIANCE COMPLAINTS RECEIVED, INVESTIGATED AND SUBSTANTIATED

	2020	2021	2022
Received complaints (No.)	60	63	48
Investigated complaints (No.)	44	50	47
Substantiated complaints (No.)	23	33	22 ¹
Complaints leading to disciplinary measures ² (No.)	21	23	23
Thereof cases with dismissals/voluntary resignations (No.)	15	14	11
Thereof cases with only warning letters (No.)	6	9	11
Thereof assignment of new role (No.)	–	–	1

1 Four complaints still under review for 2022. 2021 figures have been updated since some cases were still open at the time of the 2021 report publication.

2 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).

COMPLIANCE INVESTIGATIONS

The initial responsibility for managing reported incidents of unethical or unlawful behavior lies with those Sika employees/managers who 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 recent years, Sika's Corporate Compliance team has received roughly 20 incident reports per year via the Sika Trust Line. Another roughly 30 reports per year were submitted via internal escalation channels. Around 70–90% of the annually reported incidents are investigated. Of the investigated incidents, roughly 40–70% are being substantiated, meaning that in its final investigation report, Corporate Compliance confirms the unethical or illegal behavior. If a report is being substantiated, Corporate Compliance submits recommendations to the management team concerned regarding adequate disciplinary and organizational measures to prevent the reoccurrence of similar violations. In 2022, Corporate HR & Compliance received 48 complaints, triggering 47¹ investigations:


- 22 allegations of misconduct could be confirmed/substantiated.
- 21 complaints could not be substantiated.
- Four complaints are still under investigation at the publication of this report.

The 2022 compliance investigations analysis allows for the following conclusions:

- Most investigations centered on either interpersonal tension (20, equivalent to 43%) or fraudulent behavior (18, equivalent to 38%).
- Twelve reports (25%) were submitted anonymously, seven of them via the Sika Trust Line. One could be substantiated, while two are still under investigation at the writing of this report.

- There were no government investigations nor any penalties against Sika entities or employees anywhere in the world concerning alleged corruption or bribery. Eight internal investigations focused on potential cases of bribery. In four instances, the allegations could be confirmed. To the extent that the involved employees were still employees of Sika, they were dismissed with immediate effect. In addition, anti-corruption training efforts were intensified for the concerned entities and their management.
- Sika employees (including former employees) remain the main channel to report misconduct (38 of 48 reports). Of the 31 complaints they submitted with their identity revealed, 19 (61%) could be substantiated.
- 14 of the 48 reports were reported by business line employees or management (1st line), four were reported by assurance functions (2nd line) and five by Internal Audit (3rd line).

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOR

Corruption – unfortunately – exists worldwide, causing economic damage and contributing to an unfavorable business environment by distorting market mechanisms and increasing the cost of doing business. To reduce the negative impact of corruption, Sika financially supports  **Transparency International** and its global fight against corruption.

Corporate Compliance assesses all Sika operations regarding potential and actual corruption risks every year. It does so based on Transparency International's corruption index, combined with internal reports it receives about incidents of bribery, and findings resulting from its own compliance assessments (see also below). As in previous years, the General Managers (GMs) of all Sika entities in the context of Sika's annual Compliance Confirmation survey confirmed that no corruption investigations took place against Sika in their respective countries. GMs are required to immediately escalate suspicion or allegations of bribery to Corporate Compliance, which will launch an internal investigation and ask for the dismissal of any employee who demonstrably engaged in corrupt practices.

Even though Sika operates in countries that are highly ranked on Transparency International's corruption index, its exposure to corruption risks is moderate to low for two main reasons. First, Sika's business partners are mostly private sector companies. Interaction with the public sector, which is particularly susceptible to corruption, is limited. Second, Sika is a specialty chemicals company, and therefore less exposed to corruption risks than companies belonging to the extractive, construction, transportation, sports, or financial 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 firm zero-tolerance position against corruption anchored in its Code of Conduct, clearly formulated local Gift & Entertainment Policies, frequent anti-corruption trainings for all risk exposed employees, and regular reviews and assessments of local practices related to third-party engagements and expenses.

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

1 Two reports about the same matter resulted in only 1 investigation.

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, GMs are asked to confirm that no government action was taken against their entities for anti-competitive behavior. As in previous years, all GMs in their Compliance Confirmation issued such a confirmation for the calendar year 2022.

ETHICAL LEADERSHIP VOWS

By means of a biannual Compliance Commitment, all General Managers (GMs) commit to escalate serious violations or well-founded concerns related to bribery or unfair competition to their superior and/or the Area Manager, the Regional Manager or Corporate Compliance, to make sure that suspected misconduct receives proper and timely follow-up and that those employees who report suspected misconduct in good faith are not subject to retaliation. In addition, they also undertake to provide local staff with adequate anti-corruption and fair competition trainings. GMs are encouraged to seek the same kind of Compliance Commitment from each member of their local management team.

GLOBAL COMPLIANCE ORGANIZATION

At Sika, a matrix organization is administering Sika's Compliance Management System. The Head Corporate HR and Compliance leads both the HR as well as the Compliance function. Five full-time Compliance Managers help coordinate the Group-wide compliance initiatives. Depending on the compliance topic concerned, the Corporate Compliance Team is supported by the Regional HR Heads, or by more than a dozen 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 bribery and unfair competition by means of implementing targeted policies, trainings, audits, investigations, as well as disciplinary and improvement measures. A separate team is assuring compliance with data protection and privacy regulations. Where required by local law, they are supported by a designated local data protection manager.

CORPORATE COMPLIANCE, INTERNAL AUDIT AND AUDIT COMMITTEE

Corporate Compliance and Internal Audit collaborate closely in their effort to detect bribery, unfair competition, or fraud. Corporate Compliance usually coordinates investigations concerning these matters. All bribery, unfair competition or fraud reports must be escalated to the Group Compliance Officer, irrespective of who reports them or where they occurred. In addition, Internal Audit may identify fraudulent or corrupt practices while conducting a regular audit. If this is the case, Internal Audit also informs Corporate Compliance. Together, they assess the situation, decide on whether further investigation is needed, and ultimately propose adequate disciplinary actions and organizational measures to the concerned line management. Corporate Compliance, and more particularly the Group Compliance Officer, regularly reports substantiated corruption, unfair competition and fraud cases to the Audit Committee of the Board of Directors, to Group Management, and to the external auditors, informing them about identified root causes and the corrective measures that the concerned line management has implemented.

COMPLIANCE AUDIT PROGRAM

Sika's Compliance Management System rests on a life cycle of three closely interrelated core activities: Prevent – Detect – Respond & Adjust. To strengthen the "Detect" component, Corporate Compliance will roll out a Group-wide audit program in 2023 to conduct 15 compliance audits around the globe. The number of audits is expected to increase thereafter, depending on available resources. To assure proper documentation and follow-up, the Group-wide audit tool will be used. The 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, marketing expenses, and contracts with intermediaries. The program is closely aligned with the audit activities of other functions, such as Internal Audit and Legal.

TARGETED TRAINING INITIATIVES

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

STRINGENT COST CODING AND CONTROLLING

Internal regulations including the Gift & Entertainment Policy and the Controlling Manual require all Sika entities and functions to record transparently in their respective financial records any gift, entertainment, donation, and sponsoring expense made in favor of a third-party. Third-party expenses are thus monitored very closely. The Corporate Compliance team, in close cooperation with Corporate Controlling and Internal Audit, analyzes expense patterns regularly and investigates where unusual or unclear patterns are identified.

THIRD-PARTY DUE DILIGENCE AND MONITORING

In 2022, Sika tightened its Third-Party Due Diligence and Monitoring on a global level. On one hand, Procurement continued to implement Sika's Supplier Code of Conduct across its supply base. The Supplier Code of Conduct prohibits any act of bribery or corruption, and states that such acts, if identified, will lead to the immediate termination of cooperation. Every supplier is required to commit to this prohibition or demonstrate that it has similar internal rules reflecting a zero-tolerance policy to bribery or corruption. Suppliers are further required to have systems in place that ensure the proper communication training and auditing of their personnel and subcontractors to comply with Sika's ESG requirements concerning human rights, labor standards and EHSQ across their own supply chain. On the other hand, Procurement reviews supplier performance on a regular basis, thus monitoring whether Sika's business partners indeed comply with the Group's strict ESG requirements. Further, suppliers are obliged to immediately inform Sika of any known violation of its Supplier Code of Conduct. For more information on Sika's supply chain, please see the "Procurement" chapter on p.133 of the Sustainability Report 2022. Business contracts with suppliers accused of violating Sika's ESG requirements are terminated with immediate effect, unless the supplier can demonstrate during the investigation that it has a compliance management system in place that aims at preventing such violations.

HUMAN RIGHTS

GRI 3-3	GRI 406-1	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 UN's 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 Compliance 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.

COMPLIANCE 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 Compliance 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 Compliance 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 (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"). 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 2022, 100% of Sika's General Managers have confirmed – by means of their annual Compliance 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, Corporate Compliance, 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 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 2022, 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 on p.133 of the Sustainability Report 2022.

CHILD LABOR

In line with Sika's commitments to human rights (see above), Sika categorically prohibits child labor. General Managers are obliged to strictly adhere to the prohibition. For 2022, 100% of them have confirmed compliance with the norm. To date, no child labor 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 Sika's 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.

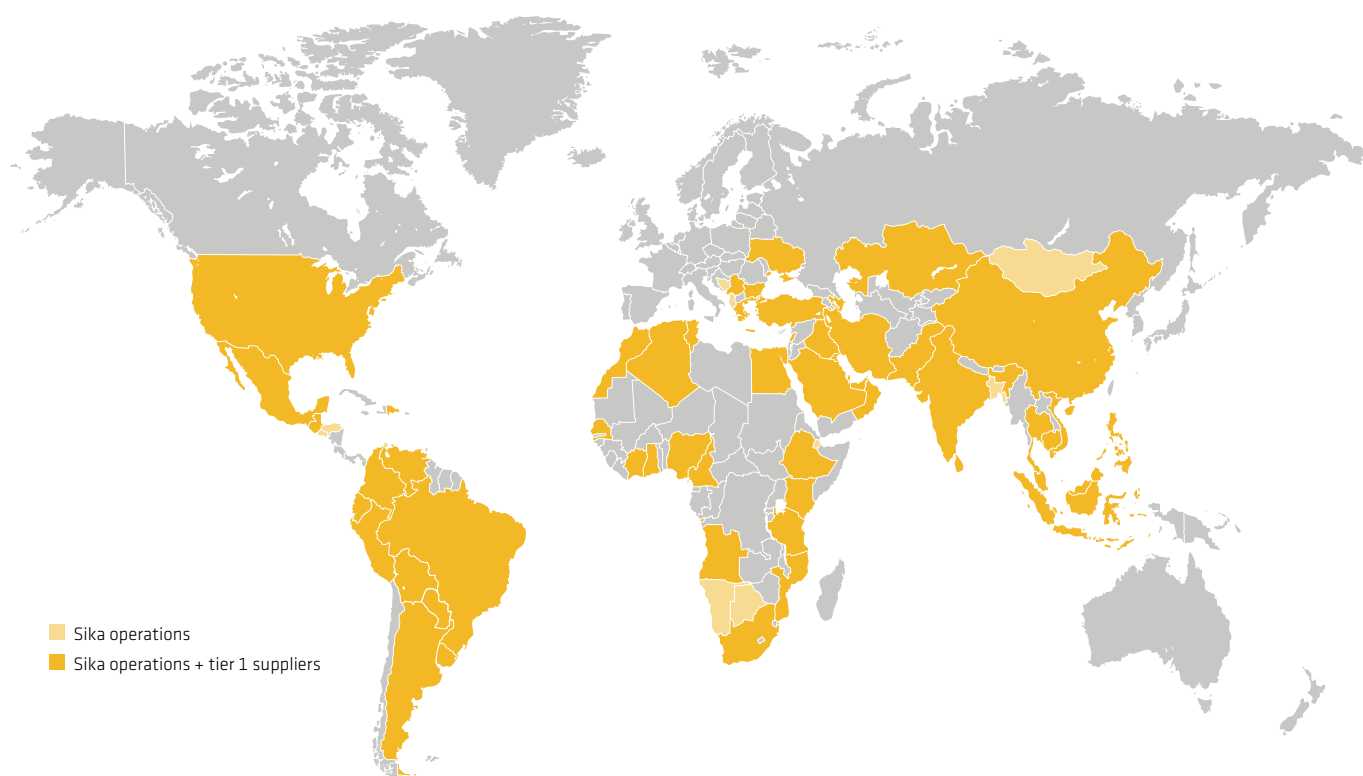
Additionally, to prepare for the new Swiss non-financial reporting and due diligence requirements that are applicable as of 2023¹, Sika started to focus on the requirements of the Swiss Code of Obligation Art. 964, k, l and Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO). In 2022, as a first step towards the child labor reporting obligation, Sika 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 evaluation is based on the UNICEF Index of Children's Rights in the Workplace².

The analysis conducted shows that at operational level, Sika does not operate in countries with a high risk of child labor. However, the company is present in 64 countries with medium risk. As far as Sika's suppliers are concerned, there are tier 1 suppliers in 55 medium risk countries and no suppliers in high-risk countries. In line with 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 2022, 770 TfS supplier assessments³ with EcoVadis, and 239 TfS and Sika supplier audits were carried out including suppliers in the identified medium-risk countries. This assessment provides the nec-

essary transparency and visibility on the sustainability activities and contributions of Sika supplier based on international standards, with a focus on child labor where applicable. This allows Sika to rely on guidelines and tools in place to achieve measurable improvements within the supply chain (i.e., TfS Academy and EcoVadis Guidelines). If the findings of any assessment or audit highlight a suspicion or violation of child labor prohibition, a case-by-case approach is applied. A Corrective Action Plan would be initiated, the case would be escalated at regional procurement level where needed, and Sika could decide to stop any further business or cooperation with the involved parties.

In 2022, the Sika procurement organization reviewed its Supplier Due Diligence process to enhance its risk identification criteria in line with upcoming regulatory requirements. In 2023, Sika will implement an extended approach by utilizing Supplier Risk Profiling, supported by an external solution, to ensure a broad and detailed risk evaluation. Risks associated to child labor will need to be a key consideration in the formulation of these supplier profiles and provide Sika with the necessary risk identification methods to prioritize suppliers for ESG assessments and audits. For more information, please see the "Procurement" chapter on p.133 of the Sustainability Report 2022.

CHILD LABOR RISK MAP



1 With a first mandatory reporting in 2024.

2 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 for 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.

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**

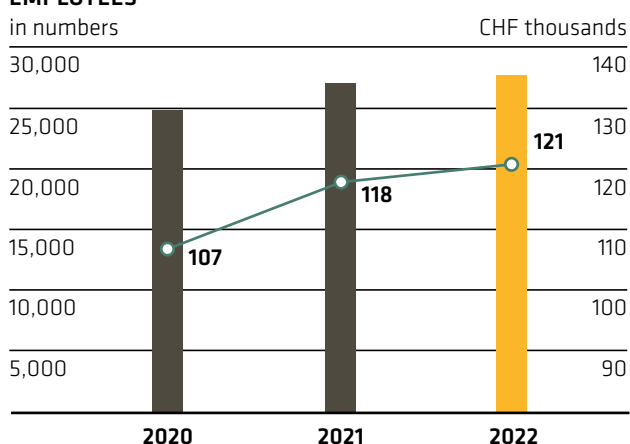
Sika's success is only possible with committed employees who have the necessary specialist knowledge and share a common purpose. Each day, more than 27,000 employees worldwide are highly dedicated to work for the company. Sika's commitments reflect the following priorities and goals: Empowerment & Respect; Sustainability & Integrity; Development & Training.

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 2.4% during the year under review to 27,708 (previous year: 27,059) (↓ **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 24.0% of the total workforce (previous year: 23.2%).

EMPLOYEES

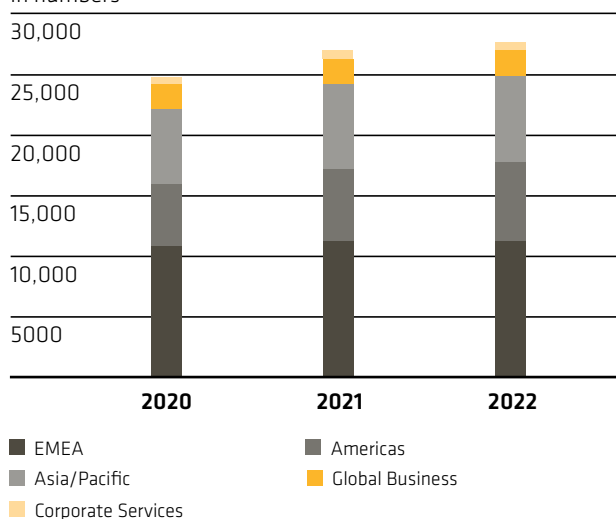


Together, the workforce generated a net added value of CHF 3,321 million in 2022 (previous year: CHF 3,072 million). This corresponds to a net added value per employee of CHF 121,000 (previous year: CHF 118,000) (↓ **Table 04: Net Added Value per Employee**, in the "Key Performance Indicators" section at the end of this chapter).

In 2022, the Americas region saw the most employee growth, with an increase of 9.3% over the previous year thanks to acquisitions (+242 employees) and an organic growth of 315 employees (↓ **Table 05: Breakdown of Employees per Region**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF EMPLOYEES PER REGION

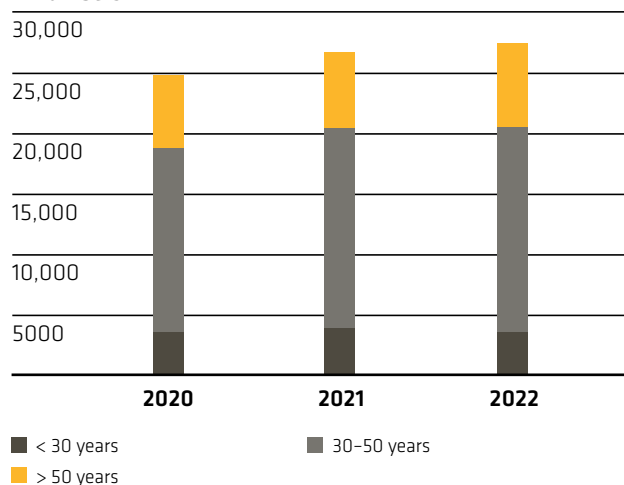
in numbers



The age structure at Sika is broadly balanced with 12.8% of employees under 30 years old and 25.3% over 50 (previous year: 25.2%). The number of employees between 30 – 50 years old grew the most in 2022 and 604 employees were added to this cohort. 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 17% of female employees under 30 years old, compared to 11.4% 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). To increase the number of employees under 30 years old, Sika’s employer branding strategy positions the company as an attractive employer 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.

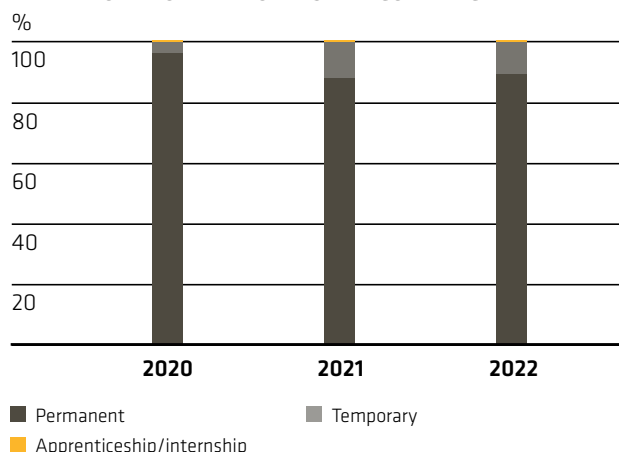
BREAKDOWN OF EMPLOYEES PER AGE

in numbers



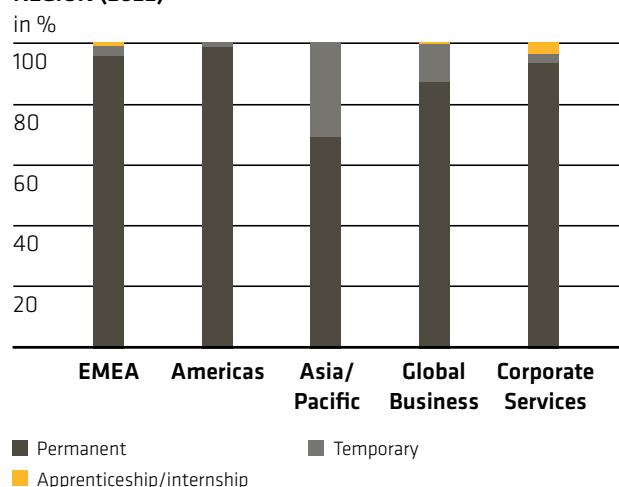
Sika is committed to offering its employees long-term prospects within the company and supports internal promotions. 88.6% of employees (89.2% of men and 86.8% of women) have permanent employment contracts (previous year: 87.4% of employees), ensuring that the workforce has the stability and security 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



More than 40% 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 temporary workers in the region Asia/Pacific is higher due to China. (📄 **Table 08: Group 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 (2022)



NON-REGULAR EMPLOYEES

Sika is committed to limiting the use of non-regular employment (e.g., using external temporary workers only for specialized, non-core activities, during peak times, or to an acceptable maximum percentage only, in accordance with applicable national labor laws). Where non-regular employment takes place, Sika takes adequate measures to reduce possible negative effects of such employment arrangements e.g., Sika assures (i) instruction of external temporary workers about Sika's Code of Conduct and speak-up culture, (ii) implementation of the "equal pay for equal work" principle, (iii) offering equal benefits and access to health checks, (iv) right to permanent employment after a certain period, or (v) priority right in times of permanent hiring.

Workers employed through employment agencies and service providers accounted for 8.3% of Sika's total workforce by the end of the year (previous year: 10%). These workers are not on Sika's payroll, but under contract with employment agencies. The number of external temporary workers varies depending on the seasonality of the business in the individual Sika companies. The work performed by this part of the workforce is mainly related to manufacturing, warehousing and logistics. The number of outside workers fluctuated between 8.3% and 9.2% throughout 2022.

COLLECTIVE BARGAINING AGREEMENTS AND TRADE UNIONS

Sika operates in 101 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 2022, almost 33% of the total workforce was covered either by trade unions or work councils, while roughly 43% of the total workforce was bound by collective bargaining agreements.

INTERESTING PERSPECTIVES ALL AROUND THE WORLD

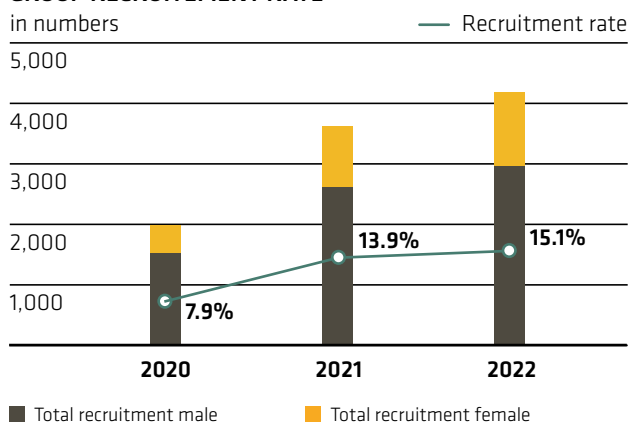
Sika is growing fast and can offer employees adaptable career paths. With its flexible and nurturing culture, Sika offers a vast array of individual career opportunities. Internal candidates are given preference for job openings. Sika is proud to employ individuals who remain with the company for a long time and contribute with their knowledge and experience over several years. Sika has fully embraced digital communications channels to connect with younger generations and enhance its reputation as a top employer. 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 its performance regarding new employee hires and employee turnover in real-time utilizing targeted dashboards. Corporate and Local HR analyze reports based on different dimensions such as "gender" or "age" to ensure a balanced workforce. In the past year, Global HR has made significant improvements in its reporting capabilities in order to better understand employee fluctuation at group and regional level. In 2022, Sika's global reporting initiatives focused on different dimensions such as gender, age and geographical dimensions to gain valuable insights that will drive targeted measures to support employee retention.

Sika hired 4,137 new employees in 2022 (3,597 in 2021) (↓ **Table 09: Group Recruitment Rate per Gender**, in the "Key Performance Indicators" section at the end of this chapter). 242 new employees joined Sika through acquisitions and 164 left due to divestments. If employee movements through acquisitions and divestments are not considered, the headcount increased organically by 578 employees (+2.1% compared to previous year).

GROUP RECRUITMENT RATE¹



29.5% of new employees are women, which is higher than in 2021 (26.5%). The recruitment rate for both genders significantly rose in 2022, the female ratio went up to 18.9% (16.0% in 2021) and the male ratio went up to 13.9% (13.2% in 2021). The Americas region had the greatest impact on the increased hiring rate. This was due to a combination of factors, including a high organic growth of the total headcount and higher fluctuation rates that resulted in more replacements (↓ **Table 10: Breakdown of Recruitments per Region and per Gender**, in the "Key Performance Indicators" section at the end of this chapter).

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).

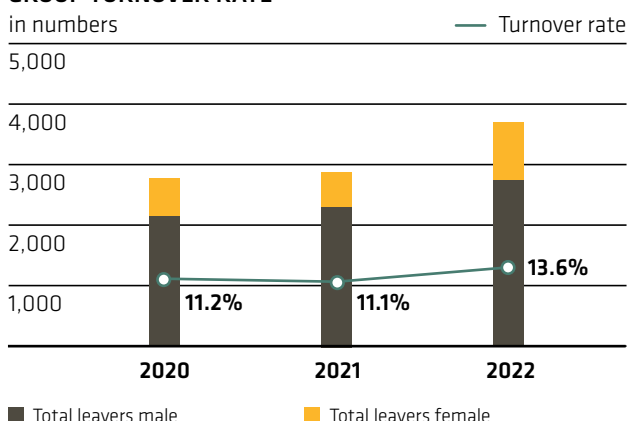
BREAKDOWN OF RECRUITMENT RATE PER REGION

in %	2020	2021	2022
EMEA	7.9	10.5	10.9
Americas	5.1	15.6	22.0
Asia/Pacific	8.6	16.5	14.6
Global Business	13.1	12.7	18.3
Corporate Services	8.0	7.9	15.3

Sika invests in the development of its managers who demonstrate the leadership skills and competencies to drive superior performance. In 2022, Sika promoted 399 employees into higher management positions (previous year: 446), resulting in an internal promotion rate of 1.4% (previous year: 1.6%) (📌 **Table 11: Internal Promotions**, in the “Key Performance Indicators” section at the end of this chapter).

Despite the global trend of high resignations, Sika's reputation helped to maintain a relatively stable employee turnover rate. Both the voluntary and overall fluctuation rates slightly increased, respectively to 9.3% (7.4% in 2021) and to 13.6% (11.1% in 2021). Women's overall fluctuation was 14.3% (10.6% in 2021) and men's overall fluctuation was at 13.4% (11.3% in 2021). The Group fluctuation rate was mostly impacted by the challenging landscape of the American labor market (+5.7% increase in the overall regional turnover compared to 2021). In the chemical industry, for example, fluctuation rates of production workers exceeded 60%. In response to that, Sika focused on initiatives to strengthen employee engagement, retention, and talents attraction. In the other Sika Regions, the overall fluctuation rates slightly increased (📌 **Table 12: Group Turnover Rate per Gender**, in the “Key Performance Indicators” section at the end of this chapter).

GROUP TURNOVER RATE¹



Considering only the voluntary fluctuation rate, women were at 10.3% (previous year: 7.4%) and men at 9.0% (previous year: 7.4%) (📌 **Table 13: Breakdown of Turnover per Region and per Gender**, in the “Key Performance Indicators” section at the end of this chapter). In Americas, the male population was slightly more affected by fluctuation rates due to the higher proportion of men working in the manufacturing department, where fluctuation rates are overproportional. The Corporate Services division has low fluctuation rates for both genders, while EMEA, Asia/Pacific, and Global Business regions have higher fluctuation rates for women.

BREAKDOWN OF TURNOVER RATE PER REGION

in %	2020	2021	2022
EMEA	10.4	9.1	10.2
Americas	10.9	13.5	19.1
Asia/Pacific	11.6	13.0	13.4
Global Business	16.0	11.1	17.4
Corporate Services	8.4	5.7	7.7

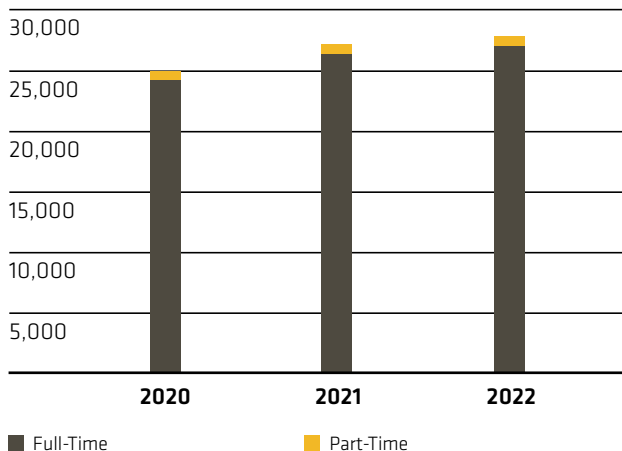
The company has decided to adapt the organizational setup from 2023 on and install a new senior management group that will increase the agility and dynamism of the organization. Around 300 managers will be nominated either as Regional Senior Managers (RSM) or Corporate Senior Managers (CSM). They will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

In 2022, the percentage of part-time employees was stable at 2.8% (previous year: 2.9%). 8.3% of women and 1.1% of men are employed in a part-time position (📌 **Table 14: 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).

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.

BREAKDOWN OF EMPLOYEES PER EMPLOYMENT TYPE

in numbers



FULL-TIME EMPLOYEES' BENEFITS THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

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

FLEXIBLE WORKING HOURS AND HOME OFFICE

Sika believes in the competence and the entrepreneurial spirit of its employees and therefore flexible working hours are made available to a high percentage of the workforce. Also, considering the positive experience with home office during the COVID-19 pandemic, Sika continues to allow home office for a part of employee working time.

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 a majority of its employees in many countries including Switzerland, United States, China, France, Japan, India, and Peru.

MINIMUM NOTICE PERIOD REGARDING OPERATIONAL CHANGES

In 2022, several operational changes that could have a substantial impact on employees occurred: two divestments, one factory relocation and one factory closure. More specifically:

- Regarding Aliva's divestment (Switzerland), employees concerned were informed three months before the closing that the entity was sold to Normet Group Oy. With the entity's sale, an automatic transfer of the employment contracts with all rights and obligations to the new owner was triggered.
- Regarding the divestment of Sika's former European industrial coatings business based in Vaihingen (Germany), a six weeks 'notice was sent before the closing, in line with the local law. Vaihingen's employees were covered by a collective bargaining agreement, which was taken over by the new owner Sherwin-Williams Company with all rights and duties.
- Regarding Santa Cruz factory relocation (Bolivia), the employees were informed of the relocation from the beginning of the project and got an official notice four weeks before the transfer.
- Regarding the closure of the Kadut factory in Singapore, 15 employees could not be transferred to Sika Tuas factory in Singapore. They were notified and all transferred to another company with their consent. All other employees were transferred to the Tuas factory.

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 2021, Sika completed the equal pay analysis in 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.

DIVERSITY AND INCLUSION

GRI 3-3	GRI 202-2	GRI 401-2
GRI 401-3	GRI 402-1	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. 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:

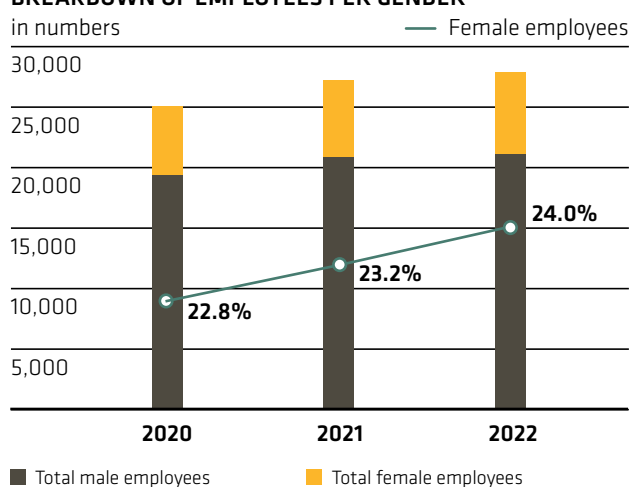
- Fight against discrimination based on race, religion, gender, nationality, disability, age, or any other discriminatory characteristic which is of high importance due to its global presence. This is also reflected in a diverse senior management team.
- Provide equal opportunities for all its employees.
- 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, Inclusion and Equal Opportunity initiatives and sets global targets. In 2022, the GDSC met for the first time to measure the effectiveness of the Diversity, Inclusion and Equal Opportunity strategy and propose adjustments. It focuses on three levels of actions: the individual level, in order to challenge the conscious and unconscious biases of both women and men; the company level, in order 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 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 as a whole, the quota of female employees improved from 23.2% in 2021 to 24.0% in 2022. The region with the highest ratio of female employees is Corporate Services with 35.3% women in 2022 (32.3% in 2021) (↓ **Table 15: Breakdown of Employees per Gender and per Region**, in the "Key Performance Indicators" section at the end of this chapter).

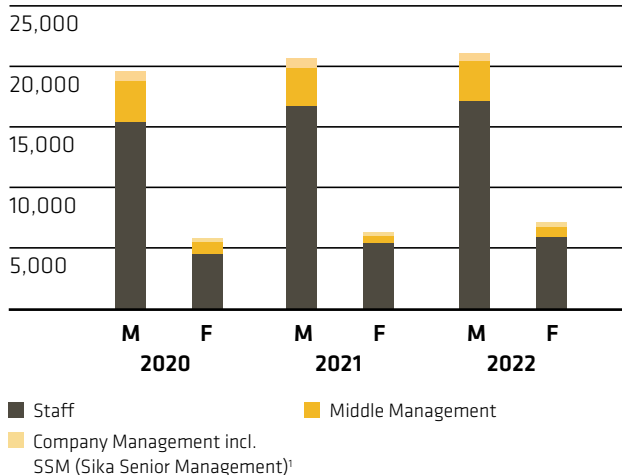
BREAKDOWN OF EMPLOYEES PER GENDER



In 2022, the percentage of women in Staff level increased by 0.7% points to 24.3%, the percentage of women in Middle Management also grew by 1.3% points to 23.2%. The number of women in Company Management increased by 1.1% points to 22.2% (↓ **Table 16: 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



DIVERSITY OF BOARD OF DIRECTORS

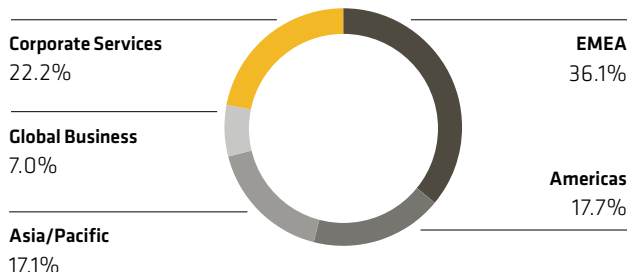
At the end of 2022, the Board of Directors consisted of eight members – five men and three women. All eight members were over 50 years old (↓ **Table 17: Board of Directors – Breakdown per Gender and per Age**, in the “Key Performance Indicators” section at the end of this chapter).

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 43 nationalities among its senior managers (previous year: 45). 59% of Sika General Managers are from the country they manage. The regional split of Sika senior managers remained stable over the last three years. 36.1% of Sika senior managers are located in countries that belong to the EMEA region. 22.2% belong to the Corporate Organization, 17.1% to Asia/Pacific, 17.7% to Americas and 7.0% to the region Global Business (↓ **Table 18: Breakdown of Senior Managers per Region**, in the “Key Performance Indicators” section at the end of this chapter).

BREAKDOWN OF SENIOR MANAGERS PER REGION²

in %



WOMEN OF SIKA CAMPAIGN

A clear focus of Sika's strategy is to attract, engage, and promote more women, particularly in sales. Recruitment campaigns across various channels are increasingly targeting women. As part of the Women of Sika campaign, started in 2019, an action plan with toolkits was developed that focuses on the following three pillars: increased attraction, engagement, and promotion of women at Sika. Improvements are measured through yearly Corporate HR reporting which is executed to monitor data not only on gender but also on age and nationality. As an example, to improve the gender mix in the sales department, Sika has established the Trainee Program in Latin America → **Women in Sales** where participants can gain experience on the job and via specific sales trainings that focus on: Excellence in Pricing and Negotiation; Excellence in Key Account Management; Key Project Management RACE; Sales Performance Program; Essential Sales Skills. In the United States, Sika signed a partnership with two key women associations with the goal of attracting more women: the National Association of Women Sales Professionals and the National Association of Women in Construction.

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

2 Corporate services: Including Group Management members.

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's 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.

TALENT ATTRACTION AND RETENTION

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. Sika's Talent Management program aims to improve people development through comprehensive training offering. Also, the Learning and Development function offers a myriad of skills-based programs supporting the continuous improvement of all employees. Overall, these functions form the Sika Business School. This paves the way to achieving an engaged workforce, and fosters a high performance culture. In addition, the following activities help Sika attract and retain talent:

- Sika Employee Survey, Leadership Commitment, Sika Day and Women of Sika campaign, which aim at preserving Sika's unique culture.
- Fostering international careers by offering attractive opportunities to work abroad and supporting assignees with customized agreements based on the international assignment framework and guidelines.
- Annual Alignment of HR strategy review on regional and functional level among Corporate/Regional Management (i.e., succession planning, talent review).
- Deployment of Success Factors as a global HRIS which provides new insights through reporting and analytics in global workforce and talent pool.
- Pilote phase of the Global Performance Debrief Dialogue (PDD) initiative to encourage meaningful debrief conversations between managers and employees and integrate continuous feedback into the daily business life. The initiative will be rolled out in several phases, starting with more than 10,000 employees in 2023.

For more information on Sika's Risk Management, please check the chapter "Risk Management and TCFD Recommendations" on p.25 of the Annual Report 2022.

GRADUATES AT SIKA – EXPERT TALKS

In June 2022, Sika organized an event for the ETH (Swiss Federal Institute of Technology) civil engineering graduates to showcase the strong company culture also known as the "Sika Spirit" and collaborative atmosphere amongst the speakers from different Sika functions at corporate level. The objective of expert talks is to present Sika as an employer and to give authentic insights into the company, its business, and its work. Such expert talks are part of the corporate employer branding strategy and foster the relationship to renowned universities, which is valuable from both an HR and a business perspective.

TRAINING OFFERED TO EMPLOYEES

Sika's Learning and Development (L&D) team organizes a broad range of internal and external training programs based on the Group Management's strategic initiatives and works closely with General Managers, Regional HR Managers, Area HR Managers, Country HR Managers, and other key business leaders to identify focus areas. Sika's offering is structured around three pillars, focusing on trainings and strategic talent management: talent management and leadership trainings portfolio; sales training, professional skills trainings and Sika academies in the areas of procurement, operations, and sustainability.

TALENT MANAGEMENT AND COMPREHENSIVE LEADERSHIP DEVELOPMENT PORTFOLIO

Sika's performance and talent management system has been the core of management development activities for many years. Designed to identify and develop managers' skills, it facilitates systematic employee succession planning in the respective organizations, while promoting company growth by continually strengthening Sika's talent pipeline, securing the succession for business critical key positions.

Sika offers **Leadership Development Programs** at global, regional and local levels. In 2022, the curriculum of the Global Leadership Program was completely redesigned, and all regional leadership programs have been aligned cross-regionally to ensure comparability and synergies. A new General Manager Program was delivered on a global scale in November 2022. A Leadership Accelerator Program, dedicated to middle-management employees has also been initiated for team leaders willing to expand their leadership competencies and increase their individual and team performance. All talent programs have incorporated new sessions on compliance, legal matters, and executive presence. Starting from 2023, Sika plans to create dedicated programs for different senior management levels, including the Regional Senior Managers and Corporate Senior Managers as well as put more focus on Young Talent programs across Sika with cross-regional alignment.

Training activities for each Sika employee are determined based on the evaluation by the line manager. Each nomination to a talent program is validated by the local organization, the regional management team and by the CEO in case of global talent programs' offerings. 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 new Performance Debrief Dialogue process, yearly performance evaluation discussions will also integrate a systematic focus on employees' aspirations, competencies, training, and development needs.

GLOBAL INNOVATION CHALLENGE

Innovation is part of Sika's DNA and brand positioning. Sika has created the **Global Innovation Challenge** as part of its ambition to foster the innovative drive of high potential employees. The purpose of this program is to prepare a new generation of innovation leaders and to embrace key change drivers such as sustainability, digitalization, and the circular economy. The innovation and development journey 2021/22 involved 33 candidates from twelve different countries that have worked together across regions in five different innovation teams.


Future managers are developed at various levels, either through continuous training initiated by the respective national organization or provided by the Sika Business School, the Sika Academies, and external education partners. In 2022, Sika continued to cooperate with various business schools and universities, where Sika provided training for talented employees with the potential to assume Senior Management positions.

LEADERSHIP COMMITMENT



SALES TRAINING

SIKA BUSINESS SCHOOL

The  **Sika Business School** provides more than 70 programs which, during the reporting year, have shown a 95% attendance rate. More than 60% of all Sika Business School courses are sales-oriented and aim to develop sales skills within the company. In 2022, sales and marketing training was expanded to include these new courses: "Foundation for Sales", "Making the Sale", "Pricing for Sales", "Coaching Sales Teams", and "Key Account Sales". Each Sika Business School program has its own goals, targets, and specific attendees nominated by local management/HR and regional HR managers. Furthermore, many training courses on Sika products and their applications have been moved to a virtual or digital learning format, which expands the reach of these opportunities. To improve the program offerings, the Sika Business School conducts post-programme surveys for all employees undergoing the trainings, and develops action plans based on collected feedback.

PROFESSIONAL SKILLS TRAININGS AND SIKA ACADEMIES

SIKA SUSTAINABILITY ACADEMY

Sustainability is an important business pillar, a competitive advantage and a key component of the company's innovation drive and Growth Strategy 2023. The  **Sika Sustainability Academy** is Sika's flagship global sustainability education program, providing the necessary skills, methods, and practical examples to the participants in the countries to develop, coordinate, and implement local activities and projects in all sustainability focus areas to contribute to Sika's sustainability strategy. In 2022, after a two-year break due to the COVID-19 pandemic, the Sika Sustainability Academy took place again. 27 participants from 20 different countries attended the academy and worked on the development of sustainability roadmaps at country or regional level. The Sustainability Academy is an important initiative which enables strong engagement of Sika subsidiaries, increasing the number of sustainability-related projects and activities across Sika countries.

SIKA OPERATIONS ACADEMY

The Sika Operations Academy provides training for Operations managers to develop and increase their knowledge about how to run a manufacturing facility with a short, medium and long-term approach. This initiative allows the establishment of an international network among Operations, Plant, Engineering Managers, aimed at sharing challenges, advice and best demonstrated practices within Sika. The Academy normally takes place on an annual basis.

SIKA PROCUREMENT ACADEMY

The Sika Procurement Academy took place for the first time in 2022. The goal of the Academy is to strengthen and develop the skills of procurement team members working at corporate, regional, and local levels by sharing knowledge and best demonstrated practices (BDPs), and by building a strong network among employees in attendance. The Academy was attended by 32 participants, including procurement managers, country procurement heads and procurement area managers from five continents. The program was divided in two parts: 1) other departments/functions such as Finance, Operation Efficiency, Legal, HR, Compliance, Sustainability, and Tools Systems & Processes, provided insights about their daily work, projects and initiatives, and how they interact and develop synergies with the procurement team; 2) external experts organized a "negotiations" training where participants were asked to work in groups, evaluating and solving real case studies coming from Sika countries. The Procurement Academy will take place once per year.

SIKA CONCRETE ACADEMY

The Sika Concrete Academy was founded in 2009. Every year, 15 to 25 trainings are conducted across the regions for up to 150 participants. The main goal is to allow Sika sales and technical employees from around the world to build knowledge and provide competent concrete consulting at the customers' sites. Trainings provide basic as well as specialized concrete technology know-how, focusing on specific customer groups or applications for dedicated sales persons. All participants are expected to conduct a specific implementation plan in their countries. In 2022, the Academy offered 18 trainings, ranging from highly specialized 3D printing to the basics in concrete technology. Approximately half was conducted on-site and the other half virtually. For 2023, the Academy plans to launch a revised program, adding a package of 50 new basic trainings and the internal e-learning platform.

SIKA INDUSTRY ACADEMY

The Sika Industry Academy is the global learning environment of Sika Industry and Global Business. The Academy provides employees with the necessary technical skills to successfully perform in markets with increasingly challenging requirements. The Academy offers training for sales representatives, account managers, employees of local technical departments, R&D functions, and customer service representatives. Participants are trained by studying best demonstrated practices (BDPs), which allows them to improve their ability in managing innovative projects, selecting well-fitting technologies, and assessing risks. As of 2022, 25 e-learning, webinars, laboratory workshops and face-to-face courses are tracked by the Learning Management System. In 2022, 317 participants from 38 countries successfully completed more than two courses each, on average. The total learning time was 3,559 hours. Furthermore, six experts were trained on designing and managing new training. Currently, five more courses are under development and planned for launch in 2023.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

With more than 27,000 employees globally, Sika considers training and education to be an important instrument in retaining and developing 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 abilities. Sika aims to provide at least ten hours of training per year for each employee. In 2022, each employee received on average 13.4 hours of training, an increase of 20.2% compared to 2021 due to the further strengthening of digital learning and more in-class training held due to less COVID-19 restrictions in several countries.

AVERAGE TRAINING HOURS PER EMPLOYEE¹

	2020	2021	2022
Hours of training/ per employee (No.)	10.1	11.1	13.4

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

Digitalization has been a major transformation driver, enhancing collaboration, innovation, and learning across the organization. Sika uses this momentum to implement a global Learning Management System, called "SikaLearn", which will be live in all Sika countries in early 2023.

In 2022, Sika expanded the online portfolio with 183 new e-learning courses and 16 blended learning courses. 243 virtual classroom trainings were conducted (previous year: 190). A total number of 365 online programs was offered, reaching 17,188 Sika learners (previous year: 17,741). This represents approximately 33,000 hours dedicated to compliance training, technical skill building, and leadership development for employees (previous year: 31,107).

The 243 virtual classroom trainings, representing 21% (40.3% in 2021) of the total learning programs on SikaLearn in 2022, were attended by 1,166 participants (previous year 2,269) which is illustrating the move towards more offline classroom programs while still benefiting from the strong adoption of virtual meeting platforms.

In the year under review, Sika spent a total of CHF 10.8 million (previous year: CHF 8.8 million) on employee development (📄 **Table 19: Spending on Employee Development**, in the "Key Performance Indicators" section at the end of this chapter).

SIKA'S NEW DIGITAL LEARNING INFRASTRUCTURE

In line with Sika's people strategy and performance culture, the Corporate HR team has embarked on a journey to strengthen its L&D organization and reinforce the digital learning experience with a new technology. The goal is to augment the learning experience and simplify content creation with an integrated learning interface called "SikaLearn". This new generation learning platform is now interfaced with SAP SuccessFactors and will exponentially expand Sika's training portfolio in strategic capability areas. As a blended learning platform, this interface simplifies and facilitates content sharing while creating a more intuitive and user-friendly learning experience.

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 50% of Sika employees¹ receive regular performance reviews (monetary) (📄 **Table 20: Employee Performance Reviews**, in the "Key Performance Indicators" section at the end of this chapter).

In 2022, a pilot of a new performance review system – the Global Performance Debrief Dialogue (PDD) – was introduced to approximately 1,400 employees with regional or area roles in Canada, USA, Chile, Mexico, and Colombia. The PDD looks closer into the context of performance by encouraging meaningful conversations between managers and employees. It encourages employees to hold debrief discussions with enthusiasm, integrate continuous feedback into daily business life, check in with team members regularly and take time to prioritize development. The initiative will be rolled out in a staged approach starting with more than 10,000 employees in 2023. This is complementary to the existing management approach and it does not have direct monetary implications.

1. This figure covers all employees who have a performance review process regardless of their Staff Level.

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 are to complete 10,000 working days of volunteering work, 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.47 of the Sustainability Report 2022.

RESPONSIBILITIES

The corporate teams of Corporate Communications and Innovation and 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 carried out 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 was 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. In 2022, Sika updated the community engagement guideline to create a common understanding of project management in this domain. In addition, since several Sika subsidiaries were already addressing health-related issues, promoting well-being, and taking action on the infrastructural and social determinants of health, an additional focus area on health and well-being has been included in the “Sika Cares” program. As of 2022, “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, healthier, happier and more productive workforce, and more resilient supply chains and communities.

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 2022, Community engagement activities took place in 54 countries. Sika sponsored 406 projects (previous year: 242 projects). This equates to a year-on-year strong increase of 67.8%. In total, Sika employees spent 2,595 days of volunteering work (previous year: 1,392 days, +86.5%). 53,666 individuals were benefitting directly (previous year: 44,188). The increase in community engagement activities resulted from the fact that, due to the relaxation of COVID-19-related restrictions, there were more opportunities for volunteering in most countries. The “community engagement” topic was subjected to additional scrutiny within the entire company and was therefore increasingly used by Sika teams to help other people and gain new, shared experiences as a team.

REPORTING SYSTEM

In order to facilitate the processing, communication, and reporting of community engagement activities worldwide, a new tool was developed during 2022 and will be launched in 2023. It will enable all Sika employees to share insights on local projects and get inspired from activities taking place in other countries. The tool is aligned with Sika corporate reporting system and will provide qualitative insights and additional granularity to the current reporting.

COMMUNITY ENGAGEMENT INDICATORS

	2020	2021	2022
Community engagement projects (No.)	183	242	406
Volunteering days of employees (Days) ¹	1,119	1,392	2,595
Direct beneficiaries (No.) ²	268,581	44,188	53,666

1 Some of the projects do not require any volunteering work from Sika employees and therefore not all projects led to volunteering days. A working day is considered as 8 hours.

2 The decrease in the number of direct beneficiaries compared to 2020 derives from the fact that in 2020 Sika supported a COVID-19 related project bringing benefits to the population of a suburb of Moscow by distributing hand sanitizers.

OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

As a socially responsible company, Sika works collaboratively with local communities to address issues affecting their well-being. In 2022, less than 5% of Sika's General Managers indicated – by means of their annual Compliance Confirmation – that they have received complaints from local communities regarding Sika's operations. The very few received complaints were primarily related to traffic, noise, or dust. All have been or are in the process of being resolved. Sika's operations have not been subject to any local protests. Sika fosters an ongoing dialogue with local communities, e.g., through open door events or special phone numbers to get in touch with 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, that 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.

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, in order 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 2022, Sika did not give donations to parties, politicians, or related organizations.

MEMBERSHIPS IN 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**.

KEY PERFORMANCE INDICATORS

↑ **TABLE 01: ISO 45001:2018 – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION¹**

	2020	2021	2022
Sites certified ISO 45001:2018 (No.)	114	147	196
Coverage of sites under ISO scope (%)	22	26	33

1 Considered under ISO scope there 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 02: ISO 9001:2015 – QUALITY MANAGEMENT SYSTEM CERTIFICATION¹**

	2020	2021	2022
Sites certified ISO 9001:2015 (No.)	315	345	361
Coverage of sites under ISO scope (%)	61	61	60

1 Considered under ISO scope there 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**

	2020	2021	2022
Employees (No.)	24,848	27,059	27,708

↑ **TABLE 04: NET ADDED VALUE PER EMPLOYEE**

	2019	2020	2021
Net added value per employee (CHF thousands)	107	118	121

↑ **TABLE 05: BREAKDOWN OF EMPLOYEES PER REGION**

	2020	2021	2022
EMEA (No.)	10,811	11,243	11,206
Americas (No.)	5,195	6,002	6,559
Asia/Pacific (No.)	6,182	6,995	7,054
Global Business (No.)	2,016	2,138	2,175
Corporate Services (No.)	644	681	714
Group (No.)	24,848	27,059	27,708

↑ **TABLE 06: BREAKDOWN OF EMPLOYEES PER AGE AND PER GENDER¹**

	2020	2021	2022
<30 years (%)	13.2	13.5	12.8
Female	-	-	31.9
Male	-	-	68.1
30–50 years (%)	62.0	61.3	62.0
Female	-	-	24.6
Male	-	-	75.4
>50 years (%)	24.8	25.2	25.3
Female	-	-	18.6
Male	-	-	81.4

1 In 2022, Sika added granularity to the reporting of headcount-related indicators. The breakdown of employees per age is now available per gender. 2020 and 2021 have not been restated accordingly.

↑ **TABLE 07: BREAKDOWN OF EMPLOYEES PER CONTRACT AND PER GENDER¹**

	2020	2021	2022
Permanent (%)	95.6	87.4	88.6
Female	-	-	23.5
Male	-	-	76.5
Temporary (%)	3.7	11.9	10.6
Female	-	-	26.8
Male	-	-	73.2
Apprenticeship/internship (%)	0.7	0.7	0.8
Female	-	-	43.2
Male	-	-	56.8

1 In 2022, Sika added granularity to the reporting of headcount-related indicators. The breakdown of employees per contract is now available per gender. 2020 and 2021 have not been restated accordingly.

↑ **TABLE 08: GROUP DISTRIBUTION OF EMPLOYEES PER CONTRACT AND PER REGION**

	2020			2021			2022		
	Permanent	Temporary	Appren- tices/ interns	Permanent	Temporary	Appren- tices/ interns	Permanent	Temporary	Appren- tices/ interns
EMEA (%)	95.1	3.6	1.3	95.0	3.8	1.2	95.5	3.1	1.4
Americas (%)	96.9	2.9	0.2	95.2	4.7	0.1	98.1	1.8	0.0
Asia/Pacific (%)	95.0	5.0	0.0	67.2	32.8	0.0	68.9	31.1	0.0
Global Business (%)	96.7	2.3	1.0	89.0	10.1	0.9	87.1	11.9	1.0
Corporate Services	94.7	2.6	2.6	93.8	2.1	4.1	93.1	2.7	4.2

↑ **TABLE 09: GROUP RECRUITMENT RATE PER GENDER¹**

	2020	2021	2022
Recruitment rate (%)	7.9	13.9	15.1
Female	8.8	16.0	18.9
Male	7.7	13.2	13.9

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).

↑ **TABLE 10: BREAKDOWN OF RECRUITMENTS PER REGION AND PER GENDER**

	2020				2021				2022			
	Recruitments (No.)		Rate (%)		Recruitments (No.)		Rate (%)		Recruitments (No.)		Rate (%)	
	F	M	F	M	F	M	F	M	F	M	F	M
EMEA	230	613	9.8	7.4	330	903	13.5	10.5	397	830	15.4	9.6
Americas	58	216	5.1	5.1	247	682	20.2	15.6	406	977	28.4	20.1
Asia/Pacific	117	424	7.4	9.0	258	816	15.7	16.5	257	768	14.9	14.5
Global Business	77	191	17.2	11.9	91	205	19.7	12.7	109	286	21.6	17.3
Corporate Services	20	33	9.7	7.2	29	36	13.9	7.9	53	54	22.5	11.7
Group	502	1,477	8.8	7.7	955	2,642	16.0	13.2	1,222	2,915	18.9	13.9

↑ **TABLE 11: INTERNAL PROMOTIONS**

	2020	2021	2022
Internal promotions into a higher management position (No.)	218	446	399
Internal promotions into a higher management position (%)	0.9	1.6	1.4

↑ **TABLE 12: GROUP TURNOVER RATE PER GENDER**

	2020	2021	2022
Employee turnover rate ¹ (%)	11.2	11.1	13.6
Female	11.6	10.6	14.3
Male	11.1	11.3	13.4
Employee voluntary turnover rate (%)	6.4	7.4	9.3

1 The employee turnover rate considers all departures: natural fluctuations (natural fluctuations refer to retirement or death for example), 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).

↑ **TABLE 13: BREAKDOWN OF TURNOVER PER REGION AND PER GENDER**

	2020				2021				2022			
	Leavers (No.)		Turnover (%)		Leavers (No.)		Turnover (%)		Leavers (No.)		Turnover (%)	
	F	M	F	M	F	M	F	M	F	M	F	M
EMEA	275	826	11.7	10.0	245	761	10.1	8.9	293	856	11.4	9.9
Americas	140	443	12.2	10.5	106	648	8.7	14.8	255	946	17.9	19.5
Asia/Pacific	142	590	9.0	12.5	218	638	13.3	12.9	269	675	15.6	12.7
Global Business	79	249	17.7	15.5	54	176	11.7	10.9	93	283	18.4	17.1
Corporate Services	27	29	13.1	6.3	10	28	4.8	6.2	18	36	7.6	7.8
Group	663	2,137	11.6	11.1	633	2,251	10.6	11.3	928	2,796	14.3	13.4

↑ **TABLE 14: BREAKDOWN OF EMPLOYEES PER EMPLOYMENT TYPE (FULL TIME, PART TIME) AND PER GENDER¹**

	2020	2021	2022
Full-time (No.)	24,136	26,272	26,923
Female	-	-	6,100
Male	-	-	20,823
Part-time (No.)	712	787	785
Female	-	-	551
Male	-	-	234
Group (No.)	24,848	27,059	27,708

1 In 2022, Sika added granularity to the reporting of headcount-related indicators. The breakdown of employees per employment type is now available per gender. 2020 and 2021 have not been restated accordingly.

↑ **TABLE 15: BREAKDOWN OF EMPLOYEES PER REGION AND PER GENDER**

	2020		2021		2022	
	F	M	F	M	F	M
EMEA (No.)	2,363	8,448	2,509	8,734	2,637	8,569
Americas (No.)	1,108	4,087	1,338	4,664	1,519	5,040
Asia/Pacific (No.)	1,559	4,623	1,731	5,264	1,718	5,336
Global Business (No.)	439	1,577	486	1,652	525	1,650
Corporate Services (No.)	197	447	220	461	252	462
Group (No.)	5,666	19,182	6,284	20,775	6,651	21,057

↑ **TABLE 16: BREAKDOWN OF EMPLOYEES PER GENDER AND PER CATEGORY**

	2019		2020		2021	
	F	M	F	M	F	M
Staff (No.)	4,632	15,224	5,180	16,715	5,439	16,933
Middle Management (No.)	803	3,041	870	3,096	983	3,252
Company Management ¹ (No.)	231	917	230	946	229	872
Thereof Group Management (No.)	1	8	2	6	2	6

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

↑ **TABLE 17: BOARD OF DIRECTORS – BREAKDOWN PER GENDER AND BY AGE**

	2020	2021	2022
Male (No.)	7	7	5
Female (No.)	1	1	3
30-50 (No.)	1	0	0
>50 years (No.)	7	8	8

↑ **TABLE 18: BREAKDOWN OF SENIOR MANAGERS PER REGION**

	2020	2021	2022
EMEA (No.)	72	63	57
Americas (No.)	32	28	28
Asia/Pacific (No.)	31	34	27
Global Business (No.)	12	13	11
Corporate Services (No.) ¹	37	36	35

1 Including Group Management members.

↑ **TABLE 19: SPENDING ON EMPLOYEE DEVELOPMENT**

	2020	2021	2022
Spending on employee development (CHF mn)	6.4	8.8	10.8

↑ TABLE 20: EMPLOYEE PERFORMANCE REVIEWS¹

	2020	2021	2022
Employees with performance reviews (%)	>20	50	50

1 2020 figures only covered employees with management functions. 2021 and 2022 figures cover all employees who have a performance review process regardless of their Staff Level. 2020 figures have not been restated.

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 a sustainable development by offering sustainable solutions in construction and transportation. Global sustainability trends generate business opportunities.

HIGHLIGHTS

SBTi commitment – “Our Way to Net Zero”

Sika committed to the SBTi to reach net zero not later than 2050. The company now has until 2024 to develop a roadmap with targets and submit it for SBTi validation.

Scope 3 assessment

Sika finalized a two-year company-wide initiative to systematically identify and calculate emissions from its material scope 3 GHG categories in accordance with the requirements of the GHG Protocol.

TfS PCF guideline

Sika contributed together with the other Together for Sustainability (TfS) members to the publication of the Product Carbon Footprint (PCF) Guideline.

KEY FIGURES

change vs 2021

GHG emissions intensity (scope 1 and 2)

in kg CO₂eq per ton sold

16.4

–6.9%

Water consumption intensity

in m³ per ton sold

0.18

–6.1%

Waste production intensity

in kg per ton sold

10.8

–3.3%



“Tackling climate change is important even in more demanding economic environments. Our clear goal is to continue growing sustainably and deploy new innovations to decouple our growth from GHG emissions. We intend to use groundbreaking solutions that enable our customers to reduce their CO₂ emissions.”

Thomas Hasler
Chief Executive Officer

MATERIAL TOPICS

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

SDGs



ENVIRONMENTAL SUSTAINABILITY

POLICIES AND GUIDELINES



For more information, please visit the corporate webpage [ESG Policies and Guidelines](#)

Environmental sustainability at Sika includes all environmental strategic targets and those additional material topics identified in the materiality analysis 2022. All the topics disclosed in the “Planet” chapter share the following goals, targets, commitments and organizational responsibilities.

COMMITMENT

To achieve 2023 targets, “environmental sustainability” roadmaps have been developed and implemented since 2020 in all relevant local countries and plants. These roadmaps include the planned initiatives to reduce CO₂eq emissions, energy/water consumption, waste generation, and increase the share of renewable energy for the period 2020–2023. The roadmaps are being updated yearly.

GOALS AND TARGETS

For more information on environmental sustainability targets and Sika’s related performance, please see the “Sustainability at Sika” chapter, “Sustainability Strategy 2019–2023” section on p.47 of the Sustainability Report 2022.

RESPONSIBILITIES

For more information on Sustainability governance at corporate, regional, and local level, please see the “Sustainability at Sika” chapter, “Sustainability Organization Structure” section on p.44 of the Sustainability Report 2022.

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

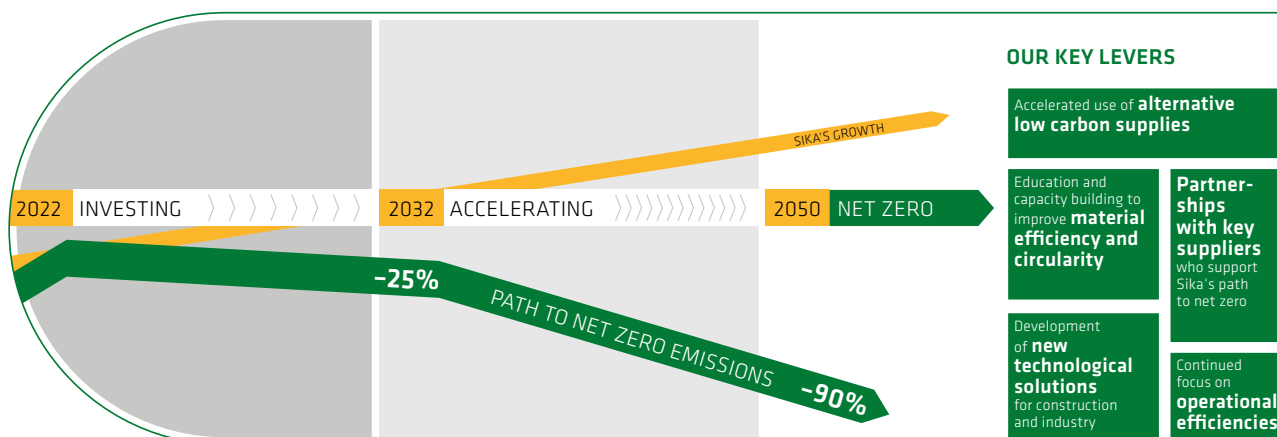
To keep the world livable, we must limit temperature increase at a maximum of 1.5°C above pre-industrial levels. Achieving this goal will require rapid system transformation, and the private sector has a crucial role to play in the process. Businesses need to match their climate ambition with robust 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.

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. The findings of the net zero project will flow into the Strategy 2028 development process.

During the first phase of the net zero project, Sika conducted a high-level assessment to identify potential decarbonization levers. The results show that to reduce scope 1 and 2 emissions, Sika must focus on continuous energy-efficiency improvements (e.g. sand drying optimization) while using low-carbon and renewable energy sources for its equipment and vehicle fleet. To reduce scope 3 emissions, Sika must collaborate with its suppliers to source low-carbon alternative raw materials and reduce those deriving from virgin cement and petrochemicals. An engagement strategy is needed to support suppliers in achieving their decarbonization targets. Moreover, product reformulations and optimization (less material, same or better performance), and improved process efficiency play a key role. Emissions from upstream and downstream transportation must be limited. Lastly, circularity must be fully integrated into Sika's business model. For more information on Sika's net zero roadmap and detailed levers, please see the corporate webpage [Sika's Way to Net Zero](#).

SIKA'S WAY TO NET ZERO – KEY LEVERS



SBTI TARGETS

Starting from the official commitment date – September 16, 2022 – Sika has up to 24 months to submit its targets for SBTi validation. Sika's commitment focuses on two time horizons for both scope 1 and 2 as well as scope 3 with a near-term interim target in ten years, and a net zero target by 2050.

SBTI TARGETS AND TIME HORIZONS


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

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.90 of the Sustainability Report 2022.


NET ZERO CAMPAIGN


The engagement of Sika's employees is crucial for the success of the net zero project. During the reporting year, Sika launched an innovation campaign called "Scouts" (for more information on this innovation platform, please see the "Products and Customers" chapter, "Innovation Management" section on p.115 of the Sustainability Report 2022). All employees were invited to submit their individual or group ideas on how to reduce the company's emissions. More than 270 ideas were submitted and commented by Sika employees during the collection phase of the campaign which lasted 1.5 month. The review phase is taking place in 2023, with the best ideas being integrated into Sika's net zero roadmap.

PARTNERSHIPS AND COLLABORATIONS FOR NET ZERO

Achieving net zero requires a combined effort from all stakeholders up and downstream of the company's value chain. Thus, creating strong partnerships and collaboration is key for the success of this initiative. As of 2022, Sika is involved in the following strategic  **Partnerships and Collaborations**:

- Together for Sustainability (TfS): Sika is a TfS member and chairs the TfS workstream 5 (WS5) which aims to develop a global solution to measure scope 3 GHG emissions in the chemical industry. To ensure TfS member companies meet the Paris Climate Agreement goal, TfS was committed to finding a solution knowing that scope 3 GHG emissions constitute a major share of chemical company's emissions³. Monitoring, managing, and reducing these emissions require an industry-wide harmonized approach to calculation. Prod-

uct Carbon Footprint (PCF) calculations provide the best product level emissions transparency for the identification, tracking and reduction of scope 3 GHG emissions. In September 2022, TfS launched the  **PCF Guideline**, the first-of-its-kind guideline to transform the way chemical companies calculate, monitor and reduce upstream supply chain emissions. It will enable suppliers and corporations to produce, compare and later share high-quality carbon footprint data. To ensure alignment with existing standards, TfS partnered with organizations such as GHG Protocol, WEF, Science-Based Targets initiative and WBCSD. The PCF Guideline is ISO and GHG Protocol accounting standards compliant. Open-source, the guideline will be a vital instrument for working on real and meaningful emission reductions to help decarbonize the entire chemical industry. TfS is also preparing an IT solution, a platform, that will enable corporations and suppliers to share upstream product carbon footprints. This should make it easier for businesses to conduct cross-industry comparisons and compile and manage their emissions across all three scopes. The IT solution will be piloted first half and launched second half of 2023. For more information on TfS, please see the "Procurement" chapter on p.133 of the Sustainability Report 2022. Beyond the TfS membership, Sika also engages individually with its suppliers on the climate journey.

- World Business Council for Sustainable Development (WBCSD): As a member of the WBCSD, in 2022, Sika was involved in various projects such as SOS 1.5, Built Environment Decarbonization, Circular Built Environment or Chemicals Group. For each project, the company participated in various sub-workstreams. Through such initiatives, Sika engages and shares with other companies on how to navigate the global climate challenges and how to make the most of available standards and tools.
- TCFD supporter⁴: Sika has officially supported the TCFD and its recommendations since 2021. The company believes that the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities and their related financial impacts. For more information, please see the dedicated  **TCFD Report 2022** available on the corporate website.
- Participation in consultation processes on reporting approaches and standards: The GHG emissions topic is continuously evolving, and better knowledge, understanding, and data availability will impact Sika's accounting methodology in its net zero journey. Therefore, in 2022, Sika contributed to the review of the GHGP Land Sector and Removals Guidance⁵, which will help companies on how to account for and report CO₂ removals and storage, and biogenic products within their corporate inventories.

1 As of 2022, scope 1 and 2 emissions account for ~2% of the total GHG emissions emitted by Sika.

2 As of 2022, scope 3 emissions account for ~98% of the total GHG emissions emitted by Sika.

3 CDP, "Running Hot: Accelerating Europe's Path to Paris" (p.31).

4  **Supporters | Task Force on Climate-Related Financial Disclosures** (www.fsb-tcfd.org)

5  ghgprotocol.org/land-sector-and-removals-guidance

GHG EMISSIONS

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 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

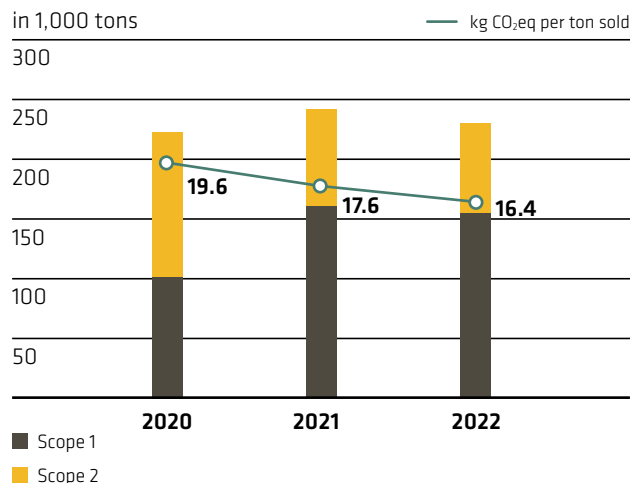
Since 2019, Sika has defined the strategic target "climate performance" for reducing scope 1 and 2 CO₂eq emissions per ton sold by 12% until 2023. Moreover, the compensation scheme of Group Management and Sika Senior Managers is linked to the GHG emissions performance of the company (scope 1 and 2 per ton sold).

GHG EMISSIONS INTENSITY – SCOPE 1 AND 2¹

In 2022, the GHG emissions intensity per ton sold (scope 1 and 2) was reduced from 17.6 to 16.4 kg CO₂eq per ton sold, a reduction of -6.9%. Excluding acquisitions, the organic reduction was at -11.7%. The GHG emissions intensity was negatively impacted by 2021 and 2022 acquisitions (0.8 kg per ton sold), and by emission factor changes (0.2 kg per ton sold). The continuous focus on maximizing renewable electricity sources in Sika operations (-0.9 kg per ton sold) and on various energy saving initiatives (-0.8 kg per ton sold) were the most important levers to improve the GHG emissions intensity per ton sold for the year under review. The additional granularity in the reporting of vehicle fuel per type of fuel and the increased tons sold from less-carbon intensive technologies also positively contributed (-0.5 kg 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 1,000 tons

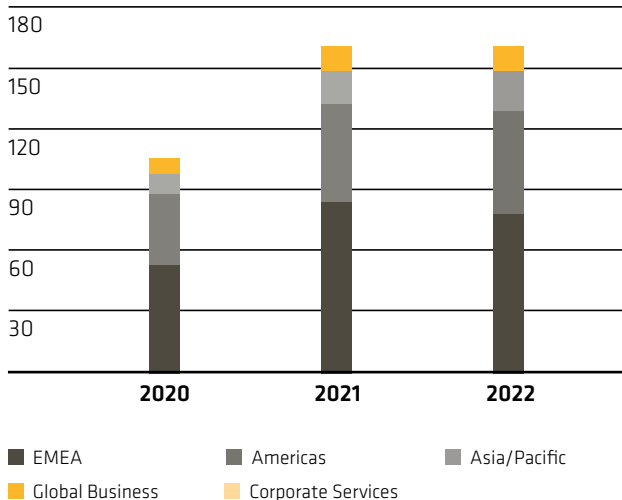


In absolute figures, scope 1 emissions remained stable at group level compared to 2021 (156,096 tons, -0.2% compared to 2021) (📄 **Table 02: Breakdown of Scope 1 GHG Emissions per Region**, in the "Key Performance Indicators" section at the end of this chapter). This stable development is mainly driven by the additional granularity in the reporting of vehicle fuel per type of fuel and the increased tons sold from less-carbon intensive technologies. From a regional perspective, Asia/Pacific and Americas increased their scope 1 emissions the most in absolute terms due to the impact on direct energy from recent acquisitions: Shenzhen Landun Holding Co., Ltd. (China), Sika Hamatite Co., Ltd. (Japan), Sable Marco Inc. (Canada) and United Gilsonite Laboratories, Inc. (USA).

¹ Based on GHG market-based emissions. In 2022, fugitive emissions related to refrigerant gases have been added to the scope 1 inventory as per the Greenhouse Gas Protocol. The GHG Emissions Intensity – scope 1&2 of 2019, 2020 and 2021 has not been restated accordingly.

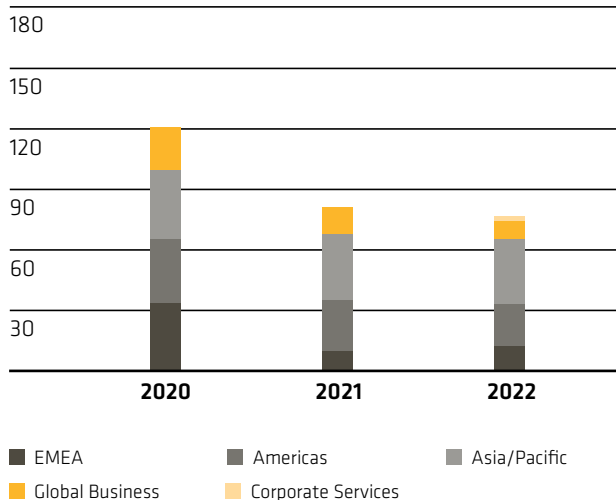
BREAKDOWN OF SCOPE 1 GHG EMISSIONS PER REGION

in 1,000 tons of CO₂eq



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

in 1,000 tons of CO₂eq



FUGITIVE EMISSIONS RELATED TO REFRIGERANT GASES

As part of Sika's continuous improvement approach, the environmental reporting has been expanded in 2022 to include the climate impact of refrigerant gases. These gases have extremely high climate impact (up to or above 1,000 kg CO₂eq/kg). Refrigerants are gases used in air conditioning units, cold storage warehouse equipment, cooling devices or fire suppression systems. While these systems are in theory in closed-loop, leakages occur over time, generating an occasional need to refill these systems. 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, 1,093 tons of CO₂eq¹ were emitted due to leakages of refrigerant gases. In accordance with the Greenhouse Gas Protocol, refrigerant gas emissions are considered as fugitive emissions under Sika's scope 1 inventory and represent 1% of Sika's scope 1 emissions for 2022. The related volume is included in the GHG Emissions intensity indicator, with an impact of 0.08 kg per ton sold.

Market-based scope 2 emissions decreased to 74,557 tons of CO₂eq (-9.2% compared to 2021) thanks to an increased coverage of energy attribute certificates compared to previous year in all regions. Global Business impacted the most the decrease of scope 2 emissions in absolute figures thanks to a Power Purchase Agreement settled in the United States and a new energy attribute certificate settled in Poland (↓ **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).

INTERNAL CARBON PRICING – A STRATEGIC TOOL FOR INVEST- MENT DECISIONS

From 2021 onwards, Sika implemented internal carbon pricing to favor solar panel investments and increase self-produced renewable energy. Relying on a shadow price mechanism, the initiative continued in 2022. In the context of Sika's net zero SBTi commitment, a broader concept will be defined and set up over the coming years. From 2023 onwards, the internal carbon price, set at CHF 80 per ton/CO₂eq², will be extended to all investments, with a focus on scope 1 and 2 emissions. Scope 3 emissions will only be considered for process in-/outsourcing. Embedding a hypothetical cost of carbon emissions in the calculation for potential investments provides a deeper understanding of how pricing GHG emissions affect business cases. This strategic tool will further help Sika to focus its investment decisions on climate-adapted operations, low-carbon investments, and opportunities.

1 Fugitive emissions of refrigerant gases are calculated based on BEIS/Defra 2021 emission factors.

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

SCOPE 3

In October 2022, Sika finalized a two-year company-wide initiative to systematically identify and calculate emissions from its material scope 3 GHG categories in accordance with the requirements of the Greenhouse Gas Protocol (GHGP). This analysis will contribute to the definition of a climate strategy and carbon reduction pathway to reach net zero by 2050. For additional information on the scope 3 assessment and calculation, please see the [Sika Methodology for Scope 3 Emissions Calculation](#) available in the download center of the corporate website. The calculation of scope 3 carbon emissions is an evolving topic based on various data sources. Sika is continuously reviewing the calculation methodology to ensure transparency and data robustness. This process helps Sika better understand how it can lower its scope 3 emissions and engage within the organization. Moreover, the identification of material scope 3 categories provides detailed information to drive scope 3 reduction initiatives. Based on this assessment and with the development of the net zero roadmap, Sika will focus on key dedicated reduction opportunities along the company's value chain considering scope 3 emission hotspots. For more information, please see the "Climate Change" section on p.88 of the Sustainability Report 2022.

Sika's scope 3 emissions represent 98.2% of the company carbon footprint and are driven by category 1 – purchased goods (57.0%), category 12 – end of life of sold product (29.1%) and category 4 – upstream transportation (7.8%). The changes in Sika's scope 3 GHG emissions from 2021 to 2022 are mainly due to increases or decreases in the underlying activity data. For category 1, the expenditure and invoiced quantities increased. Additionally, emission factor updates and changes resulted in an overall increase of purchased raw materials emissions. As a result, category 1 increased by 8.1%. Moreover, updates to the scope 3 assessment methodology, relevant for categories 6, 9 and 12-packaging, impacted the overall results. The methodological changes applicable to the end-of-life emissions for packaging generates a decrease of 54%.

SCOPE 3 GHG EMISSIONS

	2021	2022
Scope 3 GHG emissions (1,000 tons of CO₂eq)	12,553	12,511
Cat. 1 Purchased goods and services	6,595	7,129
Cat. 12 End of Life of sold products (EoL)	4,190	3,644
Cat. 4 Upstream transportation	1,070	971
Cat. 2 Capital goods	172	189
Cat. 9 Downstream transportation	139	171
Cat. 11 Use of sold products	108	138
Cat. 5 Waste generated in operations	108	80
Cat. 3 Fuel and energy-related activities	81	77
Cat. 7 Employee commuting	63	66
Cat. 8 Upstream leased assets	21	23
Cat. 6 Business travels	6	23

OUT-OF-SCOPE EMISSIONS

According to the GHGP, CO₂ emissions from biogenic sources should be reported separately from the total scope 1, 2 and 3 inventory. Sika calculated these emissions for the first time in 2022 as part of its ongoing methodological review for scope 1 and 2. Based on its renewable sources of energy that fall under scope 1 and 2, Sika generated 3,485 tons of CO₂ emissions from biogenic sources. For scope 1, Sika's biogenic CO₂ emissions come from the consumption of biodiesel and ethanol as vehicle fuel. For scope 2, biogenic CO₂ emissions relate to the consumption of renewable electricity from biomass sources for one factory in Brazil. ([Table 06: Out-of-Scope Emissions](#), in the "Key Performance Indicators" section at the end of this chapter). The assessment of out of scope emissions for scope 3 categories will be reviewed and assessed at a later stage.

ENERGY MANAGEMENT

GRI 2-4

GRI 3-3

GRI 302-1

GRI 305-3

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. Following the successful implementation of moisture sensors in Serbia and Chile in 2021, the initiative was extended to 15 additional factories in 2022. Planned for completion by the end of 2023, the initiative will cover around 57% of the drying volume, which will significantly reduce natural gas consumption. The active drainage systems are being installed with a staged approach. A medium-scale installation is already operating in Romania, which has significantly reduced the moisture of sand (~25%). Another trial will start in Latin America in 2023.
- 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. 93 initiatives have been ongoing in 2022 for optimizing compressed air systems in a total of 77 sites, saving approximately a total of 1,400 tons of CO₂eq. In Innsbruck (Austria), the heating control system of the factory has been optimized to regulate the energy usage required by the burner to heat bitumen tanks, leading to approximately 100 tons of CO₂eq savings per year. In Sarnen (Switzerland), the building heating system was changed: instead of relying on an oil-based heating system, the heat generated through the cooling process in production is now recovered and used for building heating through a heat pump, saving around 160 tons of CO₂eq per year.

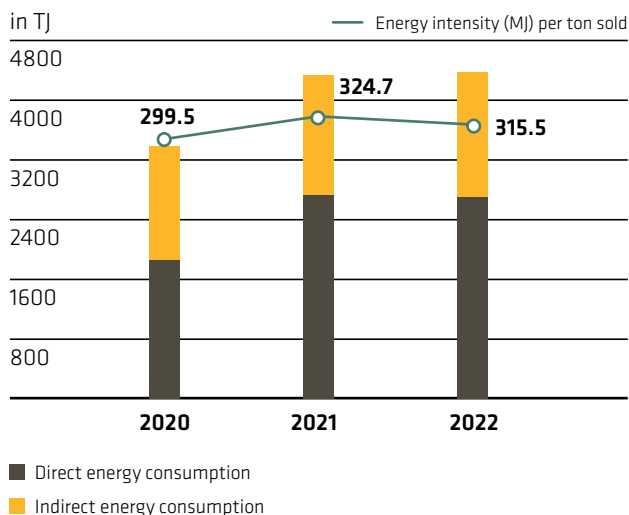
- Utilities management: Sika aims to improve the energy efficiency of its premises with various initiatives such as LED lighting, building, and roofing insulation improvement, air conditioning system improvement and vehicle fleet optimization. Energy efficiency is integrated into the planning and building of new premises. In Americas, for example, 18 LED lighting initiatives have been deployed in 2022, leading to 484 tons of CO₂eq savings for 2022.
- 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 CO₂eq 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 INTENSITY¹

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 2022, the energy intensity of Sika operations per ton sold was 315.5 MJ, a decrease of 2.8% compared to 2021. This improvement was driven by the implementation of several energy saving initiatives and 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



¹ In 2022, Sika updated the conversion factors related to primary energy from m3 to GJ to reflect the gross CV (calorific value) based on BEIS/Defra recommendations. All energy-related data from 2019, 2020 and 2021 have been restated accordingly.

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 2022, Sika used 4,430 terajoule (TJ) of energy, an increase of 1.0% compared to 2021. More than half of the energy used in Sika direct operations (62.1%) comes from the conversion of primary energy, such as Liquefied Petroleum Gas (2.5%), light liquid fuel (3.0%), vehicle fuel (15.9%) and natural gas (40.5%). Purchased electricity makes up 37.7% of the energy used in Sika sites while district heating remains minor (0.2%). Self-produced renewable energy represented 0.2% of Sika's total energy consumption for 2022. The overall increase in energy consumption is mainly driven by higher vehicle fuel consumption compared to previous year (+2.5%) due to increased sales activities as a result of the relaxation of COVID-19-related restrictions (↓ **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 ENERGY CONSUMPTION PER SOURCE

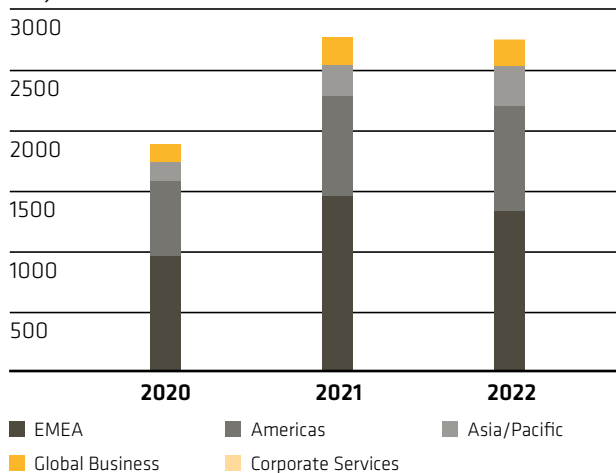
	2020	2021	2022
Direct Energy (TJ)	1,882	2,771	2,750
Heavy liquid fuel (TJ)	2	3	-
Light liquid fuel (TJ)	166	192	133
Natural gas (TJ)	1,417	1,786	1,794
Liquified petroleum gas (LPG) (TJ)	87	98	109
Vehicle fuel ¹ (TJ)	208	689	707
Self-produced electricity from renewable sources (TJ)	2	3	7
Indirect energy (TJ)	1,540	1,617	1,680
Total purchased electricity (TJ)	1,540	1,617	1,672
District heating (TJ) ²	-	-	8
Total energy consumption (TJ)	3,422	4,388	4,430

1 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 conversion factor into TJ applied to each category.

2 In 2022, district heating has been added to the company scope 2 inventory as per the Greenhouse Gas Protocol and included in Sika's indirect energy consumption. 2019, 2020 and 2021 data have not been restated accordingly.

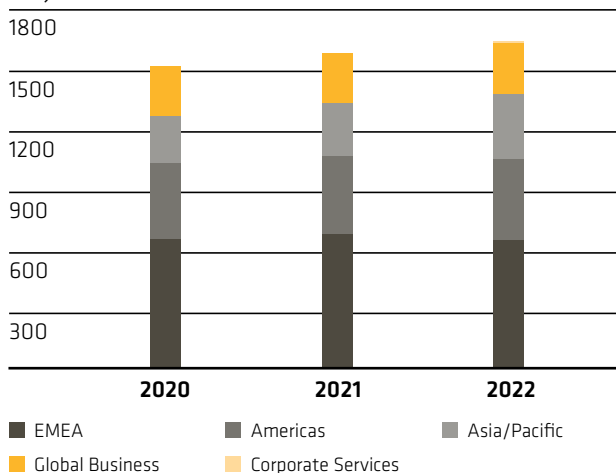
BREAKDOWN OF DIRECT ENERGY CONSUMPTION PER REGION

in TJ



BREAKDOWN OF INDIRECT ENERGY CONSUMPTION PER REGION

in TJ



FOCUS ON VEHICLE FLEET MANAGEMENT

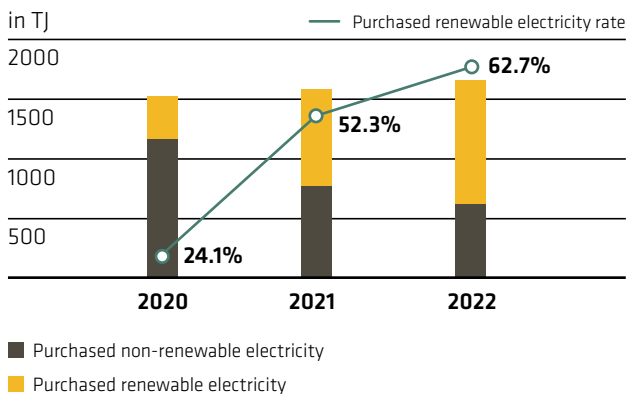
Vehicle fuel used for Sika's sales fleet, forklifts, and trucks represents the second source of direct energy consumption for the company. 20.7% of Sika's scope 1 and 2 emissions in 2022 came from vehicle fuel. Sika's vehicle fleet emissions are mainly driven by the consumption of diesel (63.4% of total consumption) and petrol (31.7% of total consumption). Ethanol, biodiesel and LPG represent 4.9% of vehicle fuel consumed across Sika's vehicle fleet. Several initiatives were launched across the company to reduce the carbon footprint of the vehicle fleets, which involved switching from diesel/gasoline to biofuel, hybrid or electric cars:

- In Brazil, the car policy has been redefined to switch 100% of the vehicle fleet to ethanol instead of gasoline. In 2022, it led to savings of 225 tons of CO₂eq.
- In the US, the transition to electric vehicles has just started and will be further rolled out in 2023.
- In China, part of the fleet of forklifts has been switched from diesel to electric vehicles, leading to savings of approximately 558 tons of CO₂eq for 2022.

RENEWABLE ELECTRICITY

In addition of its focus on energy efficiency, Sika also aims at maximizing the share of renewable electricity supply in its operations through diverse types of renewable instruments. As a result, Sika's renewable electricity purchased rate increased to 62.7% at the end of 2022, an improvement by 10.4 percentage points compared to 2021. These improvements help Sika reduce its scope 2 emissions and meet its renewable energy target in a cost-effective manner (see **Table 10: Purchased Renewable Electricity Rate**, in the "Key Performance Indicators" section at the end of this chapter).

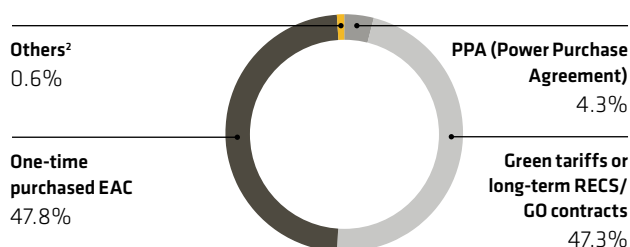
PURCHASED RENEWABLE ELECTRICITY RATE¹



Securing long-term renewable electricity instruments is preferable, and 47.3% of renewable electricity purchased is covered by those instruments. However, depending on the local context, the availability of green contracts can be limited. Thus, 47.8% of the renewable electricity purchased comes from one-time Energy Attribute Certificates (EAC) such as RECs (Renewable Energy Certificates), I-RECs (International Renewable Energy Certificates) or quarterly Guarantees of Origins (GOs) (e.g., China, Egypt, Morocco, Argentina or Mexico).

BREAKDOWN OF PURCHASED RENEWABLE ELECTRICITY PER TYPE OF INSTRUMENT

in %



For the past few years, Sika has invested into 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.90 of the Sustainability Report 2022. In 2022, self-produced renewable electricity installations are operational across 12 countries and represent 7 TJ of self-produced direct energy. This year, solar panel installations were completed in United Arab Emirates, India, Australia, Switzerland. The solar panel project of the Jaghadia plant (India), completed in August 2022, with a self-production capacity of 520 MWh per year, will lead to yearly savings of up to 230 tons of CO₂eq. In Duedingen (Switzerland), the solar panel roof installed in spring 2022 has a production capacity of more than 700 MWh per year, leading to 22 tons of CO₂eq savings per year. More installations are planned for 2023.

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

2. 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

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.

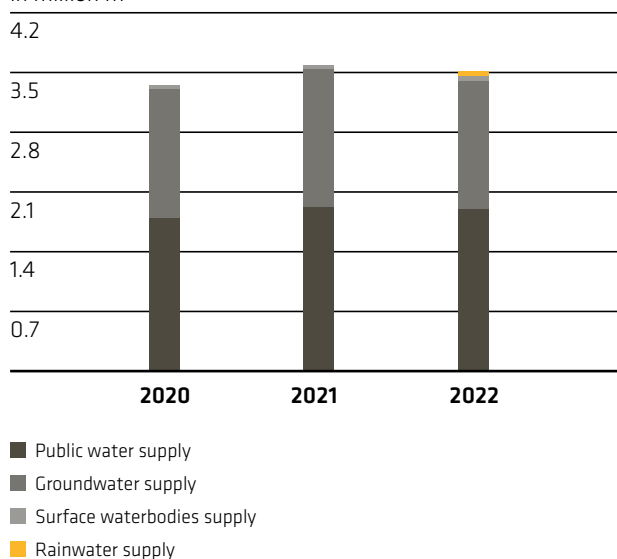
As water scarcity and water-related extreme weather events intensify in many regions of the world, this may pose a threat to business operations. Especially in regions where freshwater is scarce, businesses may be exposed to water shortages, lower water quality, water price volatility, and reputational 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, optimize cleaning processes and reuse treated wastewater.

WATER WITHDRAWAL

Water is withdrawn across the operations from public supply (55.6%), groundwater wells (42.8%) surface waterbodies (0.9%) and rainwater (0.7%). In line with water usage, the volume of water withdrawal decreased by 2.3% compared to 2021 (↓ **Table 11: Breakdown of Water Withdrawal per Source**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF WATER WITHDRAWAL PER SOURCE¹

in million m³



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

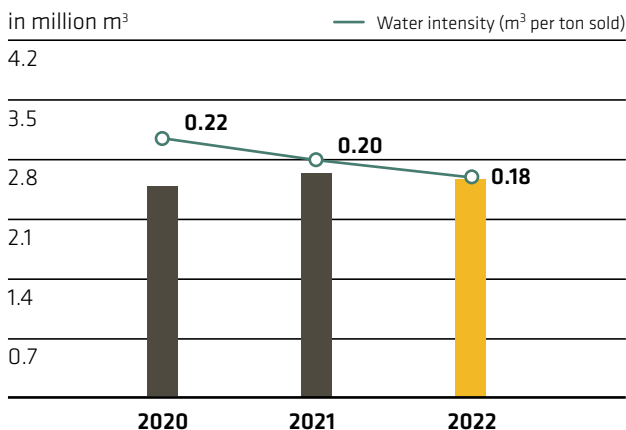
- Several factories have switched from public water supply to groundwater sourcing. As an example, in Isalnita (Romania), a reverse osmosis station for water softening allows to use groundwater instead of public supply water.
- A few factories – 16 factories in twelve countries – have started collecting rainwater (0.7% 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 Siderno (Italy), the total volume of rainwater is filtered and used together with groundwater for the cooling process in the production of polymers.

¹ This indicator includes the volume of water used as an input material. In 2022, rainwater has been added to the reporting of water withdrawal per type of source. Water withdrawal data from 2019, 2020 and 2021 have not been restated.

WATER CONSUMPTION

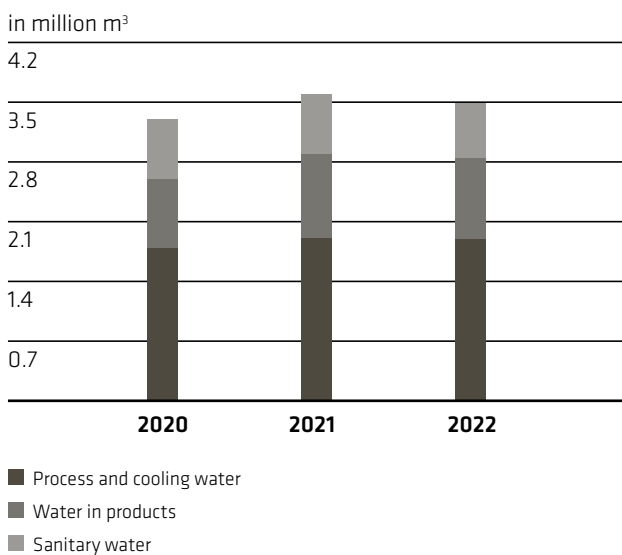
In 2022, the water consumption per ton sold was 0.18 m³, a decrease of -6.1% compared to 2021 (📌 **Table 12: Water Consumption Intensity**, in the “Key Performance Indicators” section at the end of this chapter). This improvement was partially supported by the implementation of additional water initiatives across the Group and the increased sales of products that consume less water in Sika operations.

WATER CONSUMPTION INTENSITY¹



In its direct operations, Sika consumed around 2.6 million m³ of water (-2.5% compared to 2021). This decrease is mainly related to lower production volumes of water-intensive products, such as concrete admixtures. Water is used for processing and cooling (54.6%) but also for sanitary purposes (18.4%). Almost one-third of the water used at Sika is utilized as an input material for products (27.0%) (📌 **Table 13: Breakdown of Water Usage per Type**, in the “Key Performance Indicators” section at the end of this chapter).

BREAKDOWN OF WATER USAGE PER TYPE



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

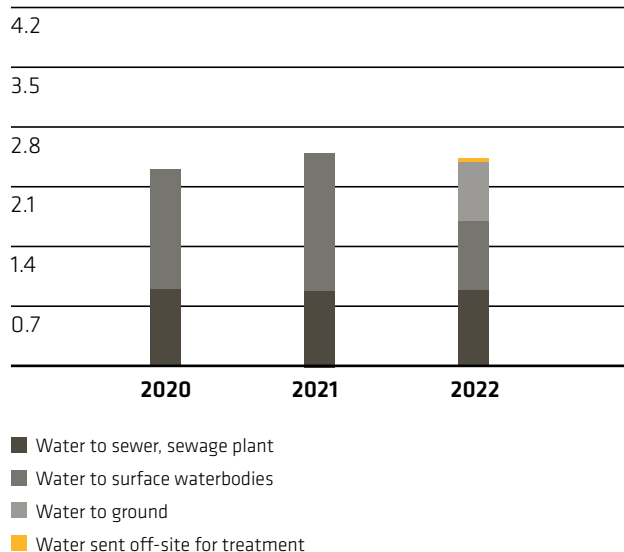
- Sika aims to reduce the volume of wastewater generated. Some facilities have their own wastewater treatment installation, which allows reuse of the treated wastewater in production, cooling, or cleaning processes through water sedimentation, distillation, or filtration. The optimization of producing 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. These systems need to be maintained to ensure state-of-the-art processes and ensure a high level of water efficiency. At the Lyndhurst factory (United States), the adiabatic cooler was upgraded in 2022, which is a key equipment for the closed-loop cooling system, resulting in water savings of more than 80,000 m³.
- Cooling processes could be water-intensive. Several actions are rolled out through the Group to reduce the related water impacts. For example in 2022, a chiller was installed in Spanga (Sweden) to cool down the water and recirculate it back to blenders, leading to reduction of freshwater volumes needed for cooling processes (3,000 m³ of freshwater savings per year).
- Lastly, flow reducers and automatic valves are also commonly installed to reduce the water used in R&D laboratories or social areas.

WATER DISCHARGE

Sika discharges water in line with local legislation and permits, either to sewers or sewage plants, or directly to surface water bodies 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. If treated directly on-site, the water is tested to ensure compliance with local standards before discharging it. In 2022, Sika discharged 2.4 million m³ of water, a decrease of 2.3% compared to 2021. 35.9% of water used goes to sewers or sewage plants. 32.2% of water used is discharged directly into surface water bodies, whereas 30.3% is discharged to underground water formations. In addition, 1.6% of water used is sent off 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.

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

BREAKDOWN OF WATER DISCHARGE PER DESTINATION¹ in million m³



WATER DISCHARGE QUALITY – CHEMICAL OXYGEN DEMAND (COD)

All local companies must comply with applicable laws and regulations related to water discharge requirements such as the quality of effluent discharge. COD is already monitored through discharge analysis measurements at site level depending on local regulations. This indicator started to be reported at Group level in 2021 to facilitate the monitoring and the improvement of water discharge quality at Group level. The focus on water discharge quality has been reinforced over the past few years, and Sika will continue to work on improving such measures in its relevant activities. In 2022, a company wide qualitative survey was conducted to identify any gaps and irregularities in the current reporting. This assessment will be used from 2023 to further strengthen discharge analysis measurements guidance.

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 more scarce, 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. For more information, please see the "Products and Customers" chapter, "Target Markets" section on p.119 of the Sustainability Report 2022.

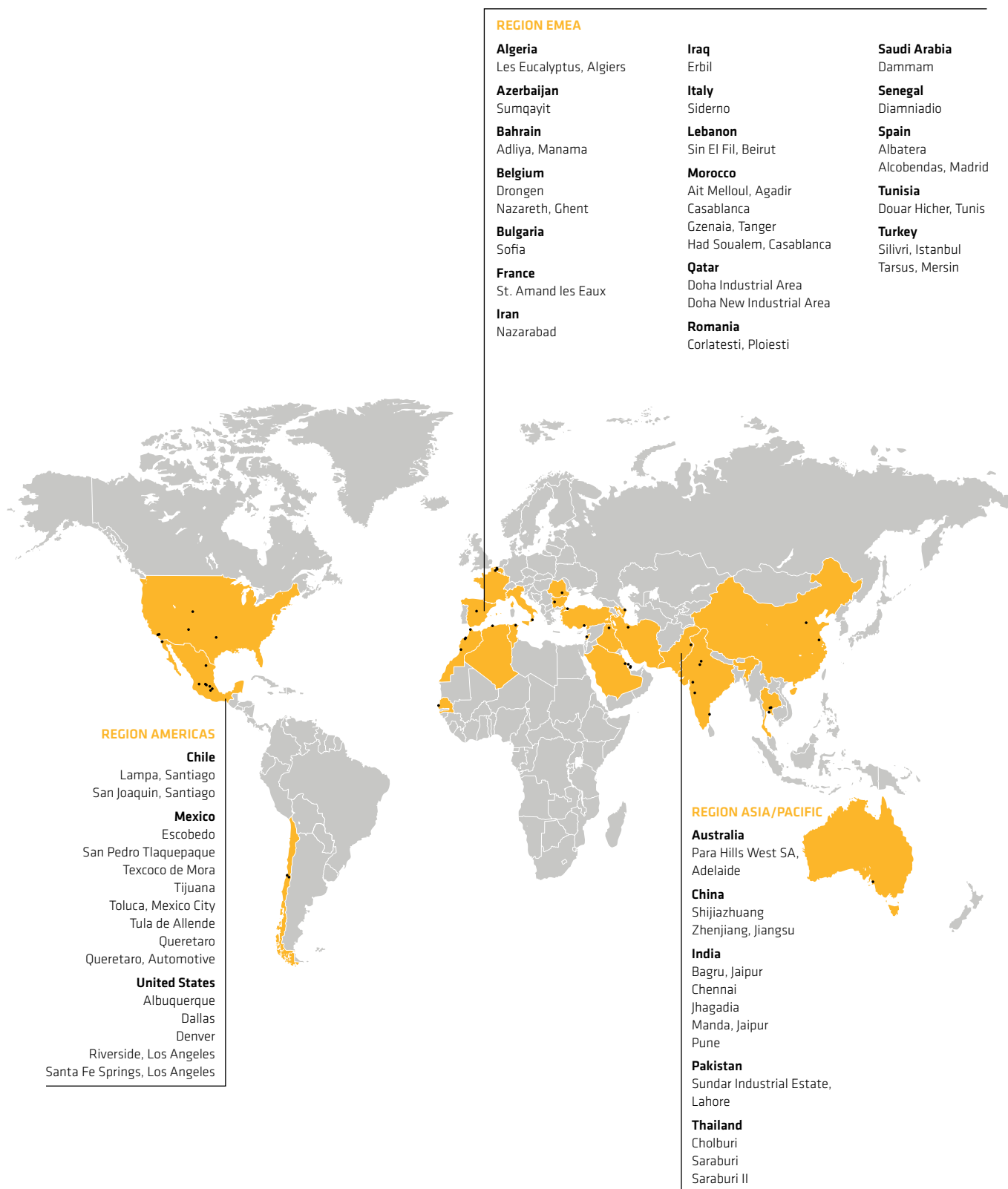
In addition to the country level assessment conducted in 2021, during the reporting year Sika has assessed its manufacturing sites² at risk of water stress based on the World Resource Institute (WRI) Aqueduct tool³. The underlying GPS coordinates of each site were taken into consideration to ensure a precise analysis per location. According to this database, 52 manufacturing sites in 35 countries are located in areas with extremely high water stress.

1 Depending on local regulations, wastewater can be disposed separately and therefore not included in water discharge but included in waste. 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.

2 Non-production sites such as warehouses not linked to manufacturing locations, sales offices, and HQ have been excluded from the analysis. In addition, Sika's supply chain has not been covered by this assessment. 2021 quantitative analysis has been updated with the factories mapped in 2022 to ensure the comparability over years.

3 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%) were identified by applying the indicator "bsw" (Baseline Water Stress).

WATER STRESS MAP – MANUFACTURING SITES¹




1. According to the Aqueduct Water Risk Atlas, 52 manufacturing sites in 35 countries are located in areas with extremely high water stress.

In 2022, water withdrawal in extreme water-stressed locations represented 346,364 m³ equal to 9.8% of the total Group (10.5% in 2021). In these locations, water was mainly withdrawn from public water supply (86.6%) but also from groundwater wells (9.5%) and surface waterbodies (3.6%). 0.3% of water withdrawal came from rainwater. For the year under review, the water usage of these locations was 346,406 m³ equal to 9.8% of the total Group (10.5% in 2021) among which 63.4% was used as an input material into Sika products, 25.0% for sanitary purposes, and 11.6% as process and cooling water in production. Water discharge was 105,910 m³ equal to 4.3% of the total Group (4.9% in 2021). 80.5% of water used goes to sewers or sewage plants, 11.5% is discharged directly into surface water bodies, whereas 4.8% is discharged to underground water formations. In addition, 3.2% of water used is sent off-site for treatment by a third-party.

In these extremely high water-stressed 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.5-10 of the  **TCFD Report 2022**.

Even if the current analysis didn't 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.

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 Sika Supplier qualification and engagement approach, please see the "Procurement" chapter on p.133 of the Sustainability Report 2022.

HOW SIKA WORKS WITH STAKEHOLDERS TO STEWARD WATER AS A SHARED RESOURCE

Through the "Sika Cares" community engagement program, Sika focuses on improving the quality of life of children, adults, and families in the communities in which the company is active. Water is one focus of this program, and as an example, Sika is part of the international "Living Lakes" network, whose mission is to enhance the protection, restoration and rehabilitation of lakes, wetlands, and other freshwater bodies of the world. For more information on "Sika Cares" community engagement program and associated projects in this area, please see the "People" chapter, "Community Relations" section on p.77 of the Sustainability Report 2022.

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 reservoir: 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. For more information on Sika products, please see the "Products and Customers" chapter, "Target Markets" section on p.119 of the Sustainability Report 2022.

WASTE MANAGEMENT

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**

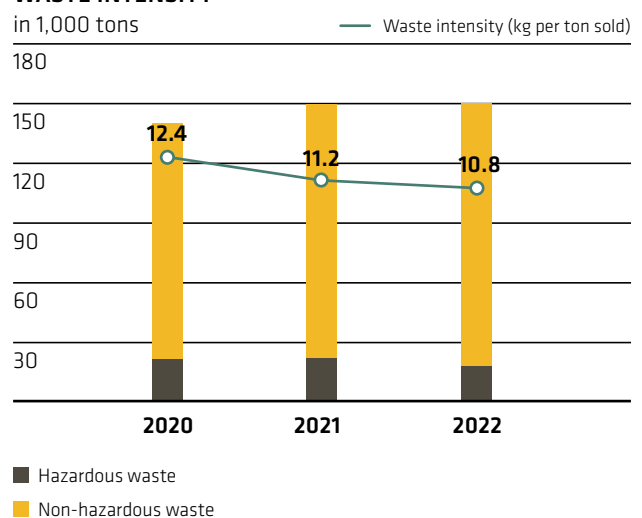
Improving Sika's material efficiency through applying circular principles along the value chain will be critical for Sika's path to net zero. Sika is committed to preventing waste in its activities and ensuring optimal waste management along the value chain. The promotion of circular principles, the 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 of production waste. 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 reduces the quantity of waste generated during the procurement phase. In Leeds (Great Britain), sacks of chalks have been eliminated and replaced by bulk chalk installations in the silicone mixing processes, leading to 5 tons of waste savings per month.
- At production level, Sika focuses on streamlining production process layout and on optimizing production planning and processes. The setup of weekly or biweekly production planning to reduce cleaning shifts, the implementation of a color change routine and the optimization of cleaning methodologies can lead to waste reduction in the manufacturing phase of both intermediate and finished goods. Additionally, Sika aims to reuse and recycle production waste. Wastewater from rinsing or cleaning processes for tanks, delivery trucks, gas scrubbers or production equipment can be separated and reused in production processes. Filter dust from dosing and bagging stations can also be reused in the next production batch or in similar products (after R&D validation). Through recycling or by-product reuse in manufacturing processes, Sika diverts waste from disposal. In the automotive business, several Sika factories for example in China and Brazil disassemble nylon or copolymer parts through an internal process, regrid it on-site and reuse it directly in the production process.
- At warehouse level, innovative warehouse management helps improving product turnover and 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 2022, the quantity of waste generated per ton sold was 10.8 kg, a decrease of 3.3% compared to 2021. This was partially driven by the implementation of various waste management initiatives, such as a continuous focus on reuse of materials in mortar and admixtures production. Additionally, the waste intensity reduction was driven by less waste generated in production processes and a methodological change regarding wastewater reporting shifted from waste to water discharge. The waste intensity compared to total input materials remained stable at 1.3%. In absolute numbers, waste volumes remain steady (+0.4% compared to 2021) due to several one-off activities on specific sites (📄 **Table 15: Waste Intensity**, in the "Key Performance Indicators" section at the end of this chapter).

WASTE INTENSITY

in 1,000 tons

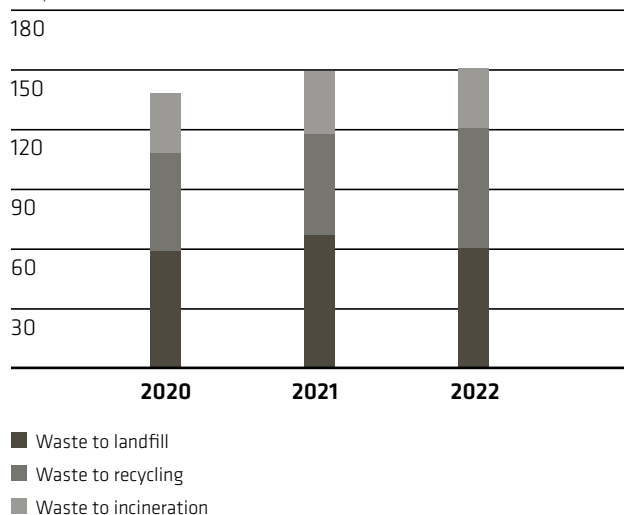


Sika mainly generates non-hazardous waste: 88.3% in 2022 (85.7% in 2021). The volume of hazardous waste disposed slightly decreased compared to 2021 (-2.6 percentage points). This is mainly driven by the reporting reclassification of wastewater under water discharge. In 2022, 40.5% of the waste produced went into landfill, 40.4% was recycled and 19.1% was incinerated with or without energy recovery. Regarding hazardous waste, 62.1% was incinerated, 23.1% was recycled and the remaining 14.8% went into landfill. Non-hazardous waste went

mainly into landfill (43.9%) and to recycling (42.7%), the remaining 13.4% was incinerated. In the coming years, Sika will keep working on diverting waste from disposal and reducing waste to landfill where possible. (↓ **Table 16: Breakdown of Waste by Type of Disposal**, in the “Key Performance Indicators” section at the end of this chapter).

BREAKDOWN OF WASTE BY TYPE OF DISPOSAL¹

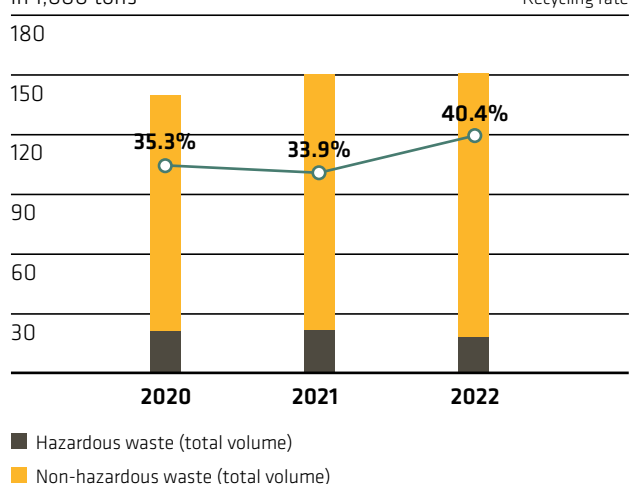
in 1,000 tons



In 2022, the waste recycling rate increased by 18.9% compared to 2021. This increase was mainly driven by Brantford mortar production (Canada) due to one-off dust generated during the sand drying process in 2022. All the dust produced was sent for reuse to third-parties and has therefore been reported under “waste to recycling” (↓ **Table 17: Recycling Rate**, in the “Key Performance Indicators” section at the end of this chapter).

RECYCLING RATE

in 1,000 tons



WASTE REDUCTION INITIATIVES IN SPAIN

In Alcobendas (Spain), several waste initiatives have been implemented in 2022, leading to a reduction of 8.4% of waste disposed compared to 2021. In the mortar production, the filter dust from dosing and bagging station is reused in the manufacturing process instead of being disposed externally. It reduced the volume of dust disposed as waste by 24% compared to 2021 (-9 tons). In addition, the sand cleaning process has been optimized and reduces the waste generated through the process by 33% (-64 tons). In the concrete polymers production, a continuous production process has been implemented, reducing the amount of carbon fiber waste by 65% on a yearly basis. In addition, the internal treatment and reuse of wastewater reduces the amount of effluent disposed by 130 tons per year.

¹ 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 has been adjusted and a new account “water sent off-site for treatment” was created to capture the total volume of wastewater under water discharge. This reporting change led to a shift from waste to water discharge. Waste and water data from 2019, 2020 and 2021 have not been restated accordingly to the new methodology.

CIRCULAR ECONOMY

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 aggregates 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 on p.113 of the Sustainability Report 2022.

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 the construction, automotive, or cement industry, where Sika solutions enable customers to increase the use of recycled input materials.

CRADLE-TO-CRADLE FEASIBILITY STUDY IN ROOFING

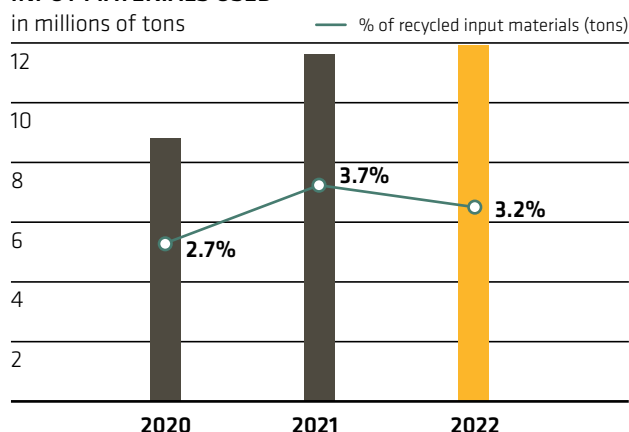
Sika embarked on its first Cradle-to-Cradle Certified® project for Sarnafil® AT in 2020. The company is working to continuously improve the sustainability performance of Sarnafil® AT as part of its commitment through the Cradle-to-Cradle Certified® program. In 2022, Sika initiated a feasibility study to assess its strengths and weaknesses to meet the new and more robust requirements of v4 of the Cradle-to-Cradle Products Standard. The Clean Air and Climate Protection and Product Circularity categories will be recertified in v4, while the Material Health, Water Stewardship and Social Fairness categories will be kept in v3.1 and will be further assessed as part of the next certification cycle. One key area for further study is testing the increased use of recycled material within the roofing membrane. Currently, the membranes include pre-consumer recycled content from scrap material during the manufacturing process. Because the recycled content originates from Sarnafil® AT's own manufacturing process, it is not possible to increase the amount of recycled content from this source. Trials are underway to determine the feasibility of including post-consumer compatible recycled content from old roofing systems, or from sources where chemical traceability is available and chemicals of concern are avoided. However, because Sarnafil® AT membranes are new products with a service life of more than 30 years, there is very limited availability of recycled content for further cycles. As part of Sika's net zero commitment, keeping materials in constant cycle has been identified as a key lever and will be one of the key focus areas for R&D in the coming years.

Around two thirds of all materials used in production¹ – e.g., for polyurethane adhesives, epoxy-resin products, polymeric 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. Other large contributors are sand, minerals, cement, and water.

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, 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.133 of the Sustainability Report 2022.

In 2022, Sika used 11.9 million tons of input materials, an increase of 2.4% compared to 2021, in line with increased quantities sold. For the year under review, 3.2% of total input materials used in production were recycled materials, a decrease by 0.4 percentage point compared to 2021 (↓ **Table 18: Input Materials Used**, in the "Key Performance Indicators" section at the end of this chapter). Sika continued to focus on using supplementary cementitious materials such as fly ash or slag in its mortar technologies where available. In the automotive business, Sika also used more recycled grade materials for acoustic solutions where possible.

INPUT MATERIALS USED²



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. Sika's 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 in solvent-based and multicomponent products like adhesives, flooring and coatings.
- Aluminum is used for sealants, adhesives and pre-treatments.
- Metal packaging is used for products classified as dangerous goods by authorities regulations.
- 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 impact:

- As part of an ongoing field test phase, first Sika application nozzles made of Post Consumer Recycle (PCR) material have been produced in 2022. The nozzles are used in the automotive glass repair (AGR) segment. The new nozzles are made of 100% PCR, while the packaging is made of 40% PCR. Switching over 700,000 sets per year leads to approximately 60 tons of CO₂eq savings.
- From March to June 2022, a feasibility study together with Packaging Engineer Students from FH Campus Wien has been completed on transportation packaging for unipacks (UP) and cartridges (CTR). Today, UP and CTR are packed in cardboard boxes. The project focused on designing new transport packaging to minimize the volume of packaging needed and reduce the related CO₂eq emissions. Ideas were presented where up to 60% of material could be saved.
- Valve bags used for cementitious and mortar products consist generally of two to three layers of paper with the outer layer being generally bleached for better print results. A new type of valve bag with an unbleached outer layer has been introduced in Singapore and Ecuador in 2022. This change leads to a CO₂eq reduction of approximately 40% per kg of bag. Further rollout in other countries will follow.
- In 2022, the new solution Sikagard®-5500 has been launched as the first sustainable concrete protection coating on the market. Packaging was one of the focuses of this innovation and the bucket is made of 80% recycled plastic.

1. Based on material expenditures.

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

BIODIVERSITY AND NATURE

GRI 3-3

GRI 413-1

Biological diversity is essential for our ecosystem and well-being. But it is often overshadowed by other big 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, Sika joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum¹, a global multidisciplinary consultative group of institutions with over 850 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. Sika supports the TNFD to develop a consistent risk framework to identify, report and manage these risks, as well as nature-related opportunities.

Moreover, the TNFD and Science Based Target Network (SBTN)² are working to align further to make it easier and more efficient for corporates to apply both frameworks. The SBTN builds on the momentum of the Science Based Targets initiative (SBTi). It is a network of more than 45 organizations (end of 2022) – including the same organizations behind the SBTi – developing methods and resources for science-based targets (SBTs) for nature for companies, and science-based targets for both climate and nature for cities. SBTN target-setting methods generate data and analytical outputs that help corporates apply parts of the TNFD's LEAP (Locate, Evaluate, Assess, Prepare to respond) approach for a nature-related risk and opportunity assessment. Sika is currently positioning itself in the Locate step, and it will conduct a materiality assessment of its operations. This step, will allow the company to identify and prioritize the main nature and business interfaces. Sika plans to disclose related information in the coming years.

Even before the identification of Biodiversity and Nature as one of the material topics (for more information, please see [Sika Materiality Analysis 2022](#)), Sika implemented various initiatives at company level:

- In the due diligence process for acquisitions and building new Sika premises, the teams involved, such as EHS and Legal, collect information on land use, water use, waste, material management and environmental compliance.
- On the supply chain side, suppliers are asked – via EcoVadis assessments – information on land use and proximity to protected areas when applicable.
- One thematic area of the “Sika Cares” initiative is “Water and climate protection” where Sika supports projects linking social causes with ecological interest. For instance, Sika contributes to the Global Nature Fund (GNF)³ which conserves and protects natural resources, including the drinking water reservoirs of the earth.
- In Peru, Sika employees are helping biodiversity and reducing their carbon footprint by demonstrating that urban agriculture is viable. After the pandemic, the team in Lima (Peru), launched a greenhouse project next to the office where they grow over 100 crops in systems made with recycled material from their operations. With this project, the Sika Peru team is optimizing the use of a key resource: water. With little investment but lots of commitment, the team is producing several types of vegetables and contributing to a health nourishment culture. “Our people share the ‘agriculture’ experience, learning to value simple things like ‘eat what you have cultivated,’” Rocio Galvez, Social Responsibility and Communications Manager at Sika Peru, said. “The team is committed to align its business goals with the sustainability demands of our country and community. We do this by offering sustainable solutions for our clients, being responsible for our footprint, and improving our own situation.”
- Another way that Sika supports biodiversity is with beekeeping. For the past four years, Sika employees have nurtured one bee colony on the roof of the Global Technology Center (GTC) in Lyon (France). Every year, workers in the Lyon GTC receive a small quantity of honey. Twice per year, a handful of people can go with the beekeeper to understand how a bee colony works. In Zurich (Switzerland), there are two bee colonies on the roof of the R&D building at the Headquarters.

¹ [TNFD – Taskforce on Nature-related Financial Disclosures.](#)

² [SBTN – Science Based Targets.](#)

³ [GNF – Living Lakes Network \(www.globalnature.org\).](#)

AIR EMISSIONS¹

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, Sika conducted a global survey² to further evaluate the materiality of air emission indicators. The survey was used to evaluate the coverage of air emission measurements and the respective data available. The data collected was then used to update the calculation methodology for the year under review. This survey is planned every three years to ensure a regular materiality review and adjust Sika's management approach if needed. 2022 increase in VOC and dust emissions is related to the new calculation methodology that aims to estimate emissions beyond those from fuel and gas consumption:

- Besides calculating VOC emissions originating from the combustion of fuel and gas, the VOC report now includes a quantification of VOC emissions from the petrochemical materials and related processes. Available measurements, executed either internally or by external laboratories, were collected for 25 factories. Average intensity per ton produced was calculated. This average intensity was then extrapolated to similar plants where no measurements were available. The extrapolation was done based on factory segments³. A similarity between factories in the same factory segment was assumed.
- Dust reporting now includes a quantification of dust emissions from the mortar production. Available measurements, executed either internally or by external laboratories, were collected for 43 factories. Average intensity per ton produced was calculated. This average intensity was then extrapolated to similar plants where no measurements were available. The extrapolation was done based on factory segments. A similarity between factories in the same factory segment was assumed.

- The calculation methodology of NOx and SOx is unchanged from 2021. It is based on the combustion of fuel and gas.
- In 2022, CO emissions, based on combustion of fuel and gas, were also included in the report. CO is a common air pollutant emitted when using fuel for vehicles and machinery. To estimate Sika's CO emissions, the amount of fuel consumed was multiplied with relevant emission factors. The methodology is aligned with the calculation used for NOx and SOx emissions.

The differences in 2022 of NOx, SOx, and CO is related to the additional granularity in the reporting of vehicle fuel per type of fuel since there are significant differences in air emissions from the combustion of different fuel types (diesel, petrol, biodiesel, ethanol and LPG). The increase in VOC and dust PM 10 is directly related to the change of methodology described above. The increase in VOC and dust PM 10 is directly related to the change of methodology described above.

AIR EMISSIONS

	2020	2021 ⁴	2022
Volatile organic compounds (VOC) (tons) ⁵	23.5	69.5	194.8
Dust PM 10 (tons) ⁶	12.3	31.9	172.9
Nitrogen oxides (NOx) (tons)	268.0	482.1	245.4
Sulfur oxides (SOx) (tons)	3.0	3.6	1.9
Carbon monoxide (CO) (tons)	53.4	72.8	125.5

4 2021 increase vs 2020 was purely related to the increase in energy consumption and inclusion of leased vehicles fuel.

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

6 In 2022, dust reporting has been 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). NOx, SOx and CO indicators are calculated based on and limited to Sika's fuel and gas consumption. In 2022, Sika updated the conversion factors related to primary energy from m3 to GJ to reflect the gross CV (calorific value) based on BEIS/Defra recommendations. It has an impact on the calculation of air emissions for 2022. 2020 and 2021 are not restated accordingly.

2 The survey covered all Sika factories with the exception of the factories of 2022 acquisitions: Sable Marco Inc. (Canada) and United Gilsonite Laboratories, Inc. (USA).

3 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



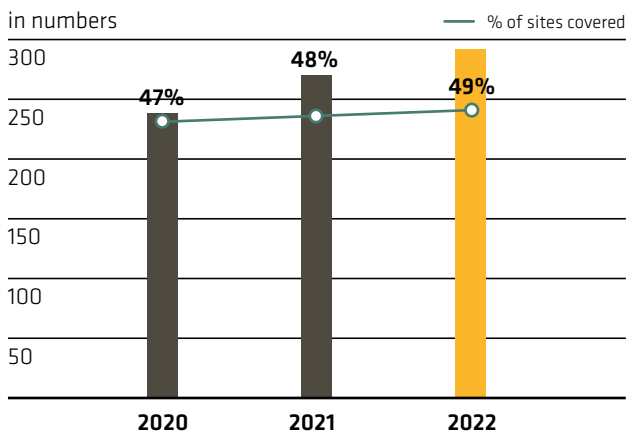
For more information, please visit the corporate webpage **ESG Policies and Guidelines**

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

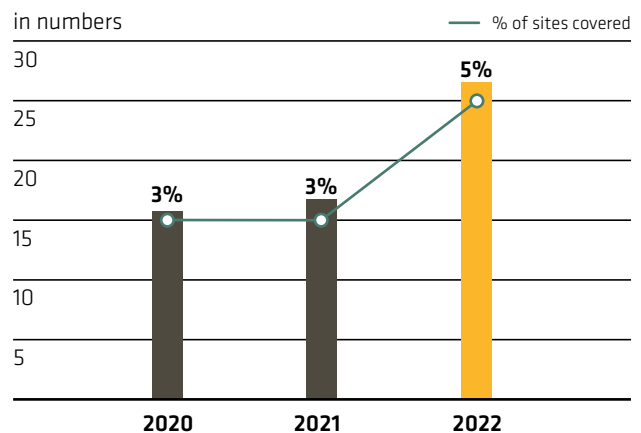
Sika maintains an ISO 14001 certification in almost half of the 601 sites under ISO scope¹, with 49% certified sites in 2022 (↓ **Table 19: ISO 14001:2015 – Environmental Management System Certification**, in the “Key Performance Indicators” section at the end of this chapter).

ISO 14001:2015 – ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION



The ISO 50001 certification covers 5% of the sites under ISO scope¹. The percentage of certified Sika sites has stagnated due to acquisitions and the number of newly opened sites (↓ **Table 20: ISO 50001:2018 – Energy Management System Certification**, in the “Key Performance Indicators” section at the end of this chapter).

ISO 50001:2018 – 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 EHS 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. All GMs stated in their 2022 Compliance Confirmation that no significant violations² of environmental laws and regulations occurred within their entities. In 2022, Sika recorded no tier 1 process safety events. Four significant incidents³ occurred, one tier 2 process safety event, and three spills. All events were contained locally without causing any environmental damage. (↓ **Table 21: Significant Incidents**, in the “Key Performance Indicators” section at the end of this chapter).

1. Considered under ISO scope there 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.

2. A violation is considered significant when reported to authorities, having media coverage, or leading to associated penalties or fines equal to or above CHF 2,000.

3. A 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

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

	2020	2021	2022
Scope 1 (tons of CO ₂ eq) ¹	102,528	156,419	156,096
Scope 2 – Market-based (tons of CO ₂ eq) ²	121,700	82,089	74,557
Total GHG emissions (tons of CO ₂ eq)	224,227	238,508	230,653
GHG emissions intensity (kg CO ₂ eq per ton sold)	19.6	17.6	16.4

1 Scope 1 emissions related to direct energy are calculated based on BEIS/Defra 2021 emission factors. In 2022, fugitive emissions related to refrigerant gases have been added to the scope 1 inventory as per the Greenhouse Gas Protocol. Scope 1 emissions from 2019, 2020 and 2021 have not been restated accordingly. Fugitive emissions of refrigerant gases are calculated based on BEIS/Defra 2021 emission factors.

2 For scope 2 market-based emissions, purchased electricity covered by energy attribute certificates are considered with an emission factor of zero. For non-renewable purchased electricity, residual mix emission factors are gathered from AIB 2020 European Residual Mixes (applied to European locations) and 2021 Green-e Residual Mix Emissions Rates (applied to US locations). The location-based emission factor (IEA) is applied to all other locations. Scope 2 emissions related to district heating are based on BEIS/Defra 2021 emission factors.

↑ **TABLE 02: BREAKDOWN OF SCOPE 1 GHG EMISSIONS PER REGION**

	2020	2021	2022
EMEA (tons of CO ₂ eq)	51,706	81,755	75,891
Americas (tons of CO ₂ eq)	33,682	46,937	49,376
Asia/Pacific (tons of CO ₂ eq)	9,694	16,028	19,098
Global Business (tons of CO ₂ eq)	7,445	11,700	11,724
Corporate Services (tons of CO ₂ eq)	-	-	7
Group (tons of CO₂eq)	102,528	156,419	156,096

↑ **TABLE 03: BREAKDOWN OF SCOPE 2 GHG EMISSIONS – MARKET-BASED PER REGION¹**

	2020	2021	2022
EMEA (tons of CO ₂ eq)	34,062	9,849	11,922
Americas (tons of CO ₂ eq)	31,926	25,377	21,333
Asia/Pacific (tons of CO ₂ eq)	34,597	33,152	32,186
Global Business (tons of CO ₂ eq)	21,115	13,711	9,114
Corporate Services (tons of CO ₂ eq)	-	-	2
Group (tons of CO₂eq)	121,700	82,089	74,557

1 In 2022, district heating has been added to the company scope 2 inventory as per the Greenhouse Gas Protocol. Indirect energy consumption and related scope 2 emissions from 2019, 2020 and 2021 have not been restated accordingly.

↑ **TABLE 04: GHG EMISSIONS – LOCATION-BASED**

	2020	2021	2022
Scope 1 (tons of CO ₂ eq)	102,528	156,419	156,096
Scope 2 – Location-based (tons of CO ₂ eq) ¹	157,873	159,157	160,351
Total GHG emissions (tons of CO₂eq)	260,401	315,576	316,447

1 Scope 2 location-based emission factors are gathered from US EPA eGrid 2020 Emission Rates (applied to US locations) and the International Energy Agency (IEA) Emission Factors 2021 (applied to all other locations).

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

	2020	2021	2022
EMEA (tons of CO ₂ eq)	49,664	48,985	45,835
Americas (tons of CO ₂ eq)	38,112	36,349	33,157
Asia/Pacific (tons of CO ₂ eq)	40,237	45,620	54,627
Global Business (tons of CO ₂ eq)	29,860	28,203	26,726
Corporate Services (tons of CO ₂ eq)	–	–	6
Group (tons of CO₂eq)	157,873	159,157	160,351

↑ **TABLE 06: OUT-OF-SCOPE EMISSIONS¹**

	2022
CO ₂ emissions from biogenic sources (scope 1) (tons of CO ₂ eq)	1,233
CO ₂ emissions from biogenic sources (scope 2) (tons of CO ₂ eq)	2,252
Total direct CO ₂ emissions from biogenic sources (scope 1 and 2) (tons of CO ₂ eq)	3,485

¹ Biogenic CO₂ emissions related to fuels from renewable sources were calculated based on BEIS/Defra, 2022 emission factors. Biogenic CO₂ emissions related to biomass electricity (Brazil) were calculated based on the International Energy Agency (IEA) Emission Factors 2022.

↑ **TABLE 07: ENERGY INTENSITY**

	2020	2021	2022
Energy intensity per ton sold (MJ per ton sold)	299.5	324.7	315.5

↑ **TABLE 08: BREAKDOWN OF DIRECT ENERGY CONSUMPTION PER REGION**

	2020	2021	2022
EMEA (TJ)	961	1,470	1,331
Americas (TJ)	619	819	868
Asia/Pacific (TJ)	158	256	331
Global Business (TJ)	144	226	220
Corporate Services (TJ)	–	–	0.1
Group (TJ)	1,882	2,771	2,750

↑ **TABLE 09: BREAKDOWN OF INDIRECT ENERGY CONSUMPTION PER REGION**

	2020	2021	2022
EMEA (TJ)	659	691	668
Americas (TJ)	385	398	416
Asia/Pacific (TJ)	240	275	332
Global Business (TJ)	256	253	264
Corporate Services (TJ)	–	–	0.2
Group (TJ)	1,540	1,617	1,680

↑ **TABLE 10: PURCHASED RENEWABLE ELECTRICITY RATE**

	2020	2021	2022
Purchased electricity (TJ)	1,540	1,617	1,672
Thereof – Purchased renewable electricity (TJ) ¹	371	845	1,048
Renewable electricity rate (%)²	24.1	52.3	62.7

1 This indicator is based on 100% green contracts, Energy Attribute Certificates (EAC) such as Guarantees of Origins (GO), Renewable Energy Certificates (RECs) or International Renewable Energy Certificates (I-RECs), Power Purchase Agreements or specific countries for which the local grid is 95% renewable (RE 100 Criteria).

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**

	2020	2021	2022
Surface waterbodies (m³)	37,655	50,682	29,200
Groundwater (m³)	1,516,054	1,632,849	1,508,926
Public supply (m³)	1,811,707	1,922,637	1,959,347
Rainwater supply (m³)	-	-	24,862
Total water withdrawal (m³)¹	3,365,416	3,606,168	3,522,335

1 Including the volume of water used as an input material. In 2022, rainwater has been added to the reporting of water withdrawal per type of source. Water withdrawal data from 2019, 2020 and 2021 have not been restated.

↑ **TABLE 12: WATER CONSUMPTION INTENSITY**

	2020	2021	2022
Water consumption per ton sold (m³) ¹	0.22	0.20	0.18

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**

	2020	2021	2022
Water in products (m³)	880,707	978,081	949,160
Process and cooling water (m³)	1,805,445	1,964,077	1,923,996
Sanitary water (m³)	664,543	674,658	649,418
Total water use (m³)¹	3,350,695	3,616,816	3,522,573

1 The difference between water withdrawal and water use is related to water storage. Rainwater is considered under water withdrawal for 2022 only and could also be a source of difference between water withdrawal and water use in 2020 and 2021.

↑ **TABLE 14: BREAKDOWN OF WATER DISCHARGE PER DESTINATION**

	2020	2021	2022
Water to sewer, sewage plant (m³)	906,667	913,590	874,591
Water to surface water bodies (m³)	1,409,322	1,577,601	785,449
Water to ground (m³)	-	-	737,140
Water sent off-site for treatment (m³)	-	-	37,884
Total water discharge (m³)¹	2,315,989	2,491,191	2,435,064

1 Depending on local regulations, wastewater can be disposed separately and therefore not included in water discharge but included in waste. 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 has been adjusted and a new account "water sent off-site for treatment" was created to capture the total volume of wastewater under water discharge. This reporting change led 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.

↑ **TABLE 15: WASTE INTENSITY**

	2020	2021	2022
Non-hazardous waste (tons)	120,633	129,884	134,385
Hazardous waste (tons)	21,042	21,676	17,852
Total waste generated (tons)	141,675	151,560	152,237
Waste intensity (kg per ton sold)	12.4	11.2	10.8
Waste intensity compared to total input materials (%)	1.6	1.3	1.3

↑ **TABLE 16: BREAKDOWN OF WASTE BY TYPE OF DISPOSAL¹**

	2020	2021	2022
Landfill (tons)	60,794	67,509	61,701
Non-hazardous waste	-	-	59,052
Hazardous waste	-	-	2,649
Incineration (tons)	30,863	32,603	29,075
Non-hazardous waste	-	-	17,990
Hazardous waste	-	-	11,085
Recycled (tons)	50,019	51,448	61,461
Non-hazardous waste	-	-	57,343
Hazardous waste	-	-	4,118
Total waste disposed (tons)	141,676	151,560	152,237

1 In 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. 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 has been adjusted and a new account "water sent off-site for treatment" was created to capture the total volume of wastewater under water discharge. This reporting change led to a shift from waste to water discharge. Waste and water data from 2019, 2020 and 2021 have not been restated accordingly to the new methodology.

↑ **TABLE 17: RECYCLING RATE**

	2020	2021	2022
Recycling rate (%)	35.3	33.9	40.4

↑ **TABLE 18: INPUT MATERIALS USED**

	2020	2021	2022
Volume of input materials used (millions of tons) ¹	8.8	11.6	11.9
Thereof recycled input materials (%)	2.7	3.7	3.2

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

↑ **TABLE 19: ISO 14001:2015 – ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION¹**

	2020	2021	2022
Sites certified ISO 14001:2015 (No.)	242	275	297
Coverage of sites under ISO scope (%)	47	48	49

1 Considered under ISO scope there 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 20: ISO 50001:2018 – ENERGY MANAGEMENT SYSTEM CERTIFICATION¹**

	2020	2021	2022
Sites certified ISO 50001:2018 (No.)	16	17	27
Coverage of sites under ISO scope (%)	3	3	5

1 Considered under ISO scope there 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: SIGNIFICANT INCIDENTS¹**

	2020	2021	2022
Significant incidents (No.)	3	2	4

1 A 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).

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, 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 2022, the assessment of 104 products was done and initiated.

Scouts – The new innovation platform

Sika launched its innovation platform “Scouts” which allows all employees to contribute to innovation-focused initiatives.

KEY FIGURES

change vs 2021

Inventions

168

+12.0%

Patent applications

104

+5.1%

Employees working in R&D

1,334

+6.5%

Number of Global Technology Centers

21

+/-0



“Sika is committed to reducing the impact of climate change through its products, solutions and services. It’s our ambition to combine sustainability with high performance. We help our customers reduce their carbon footprint through technology platforms that provide sustainable solutions for industry and construction.”

Patricia Heidtman
Chief Innovation and Sustainability Officer

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

Combining innovation and sustainability allows Sika to help transform the construction and transportation industries. Sika does this by placing sustainability aspects at the core of strategic and operational innovation processes, while simultaneously driving operational efficiency and excellence across the organization. For more information concerning Sika sustainability governance and the combined leadership for Innovation, Sustainability and Operation Technologies please see the “Sustainability at Sika” chapter on p.43 of the Sustainability Report 2022.

In 2022, a new team in Global Innovation Management was assigned to facilitate the cross-functional combination of sustainability and innovation and provide solutions to changing customer needs and market conditions. “Scouts” a company-wide innovation platform to accelerate innovation activities, was also developed this year. The objective is to merge sustainability and innovation to address fast-changing market demands.

SCOUTS – THE NEW INNOVATION PLATFORM

In 2022, Sika launched the innovation platform “Scouts”, allowing all employees worldwide to contribute their knowledge towards innovation-focused initiatives, and to connect with colleagues to find the right solution for business-related challenges. Scouts is part of Sika’s innovation management and essential to harnessing the creativity of all employees. In autumn 2022, Sika began its first campaign to collect ideas that will support the company and its customers on the net zero journey.

Sika is combining business opportunities with innovation initiatives to add value for customers. The team of R&D, in cooperation with the Target Market organizations, is addressing global issues by exploring alternative materials to reduce greenhouse emissions and waste, and recycle materials that would otherwise end up in landfills.

Moreover, cross-functional cooperations within Sika and with technology companies, scientific institutions, and universities have fostered new insights and generated scientific breakthroughs that have yielded solutions with better performance and sustainability benefits. For more information on Sika partnerships and collaborations, please visit the corporate webpage [!\[\]\(dd161862f9164df98f62b726e9846241_img.jpg\) **Partnerships and Collaborations.**](#)

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 new approaches.

GOALS AND TARGETS

Innovation is a core objective of the Sika Strategy 2023. The company innovates to create value-added products that combine performance and sustainability into one concept. Therefore, all new product developments are Sustainable Solutions.

COURAGE FOR INNOVATION

Sika’s long history of innovation has made it a recognized global technology leader in many markets worldwide. Sika’s research and development activities are carried out by 1,334 employees (previous year: 1,240) across 21 Global Technology Centers and over 80 local and regional research and development facilities. While investing in its own Technology Centers, the company also nurtures an international network of scientists, partners, suppliers, and customers. 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 Cadiz (Spain), 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.

SUSTAINABILITY AS INNOVATION DRIVER

Sika's goal is 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.

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.

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 with respect to third-party patents, (ii) protection of new inventions according to commercial relevance of the products/solutions, and (iii) leveraging patents to support business. 168 new inventions were reported in 2022 (previous year: 150) and 104 new patent applications were filed (previous year: 99). By the end of 2022, Sika's patent portfolio included 1,302 unique patent families with 4,493 single national patents.

PRODUCT PORTFOLIO

GRI 3-3

POLICIES AND GUIDELINES



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

Sika's commitment to sustainability is reflected at all levels of the company. Customers are offered a wide range of sustainable product technologies, including solutions for energy-efficient construction and vehicles. One of the company's strategic targets is to generate 25% of sales from products released within the past five years by 2023. Moreover, every new Sika solution must add value for customers with improved sustainability benefits. In 2022, the innovation rate reached 22.6% (previous year: 23.8%). The communication about sustainable solutions is split into two levels:

- Company level: "Sika enables 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. In a high-level assessment, Sika estimated that around 70% of Sika sales¹ is generated by products that have a positive sustainability impact regarding climate, energy, resources, air quality, health and safety, and green building. In the next few years, this estimation will be replaced by more precise figures thanks to the gradual implementation of the SPM methodology.
- Product level: "More Performance – More Sustainable". This message applies for products which have an approved SPM profile and are classified in the "More Performance – More Sustainable" cluster. For more information and product examples, please check the corporate webpage [🔗 Sustainability Portfolio Management](#).

SUSTAINABILITY PORTFOLIO MANAGEMENT (SPM) FRAMEWORK

Managing innovation and sustainability together, minimizing the risks, maximizing the opportunities, and creating positive business impact: this is the purpose of the new Sustainability – Portfolio-Management (SPM)-based concept. The SPM framework is the backbone of the Sustainable Solutions strategy, and ensures that Sika's products always combine performance and sustainability benefits.

SPM METHODOLOGY

Sika's SPM methodology, which was developed from 2018 to 2021, is based on the World Business Council for Sustainable Development (WBCSD) Chemical Industry Methodology for Portfolio Sustainability Assessments (PSA)². Sika is one of the first companies in the specialty chemicals and building materials sector to implement the SPM concept based on the WBCSD PSA framework. In 2021, Sika's SPM methodology was externally reviewed by a third party, which confirmed its conformity with the WBCSD PSA methodology. Sika uses the SPM methodology to evaluate, classify, and market products in terms of performance and sustainability. Year 2022 has been a "trial" year to ramp up SPM at Sika. A new e-learning program has been introduced to familiarize employees across functions and geographies with the new methodology. By evaluating products using a set of criteria within market segments, Sika can promote new or existing products under the "More Performance – More Sustainable" branding. The performance and sustainability categories represented within the SPM methodology are directly aligned to the sustainability topics material to Sika (Sika Materiality Analysis) and support the company's contribution to the UN Sustainable Development Goals (UN SDGs).

The SPM methodology is an integral part of the Product Creation Process (PCP) and it is required for all new product developments. A standardized approach allows an efficient product development evaluation and ensures accurate information for making decisions and benchmarking purposes. The SPM methodology applies to all product categories, including new products developments as well as existing products, and follows a four-step approach.

This allows Sika to evaluate products on their performance and sustainability profiles and their contribution to the strategic target. Products that account for a larger volume of sales or with a higher sustainability relevance are prioritized.

1 The high-level assessment was done on product group level to determine if this type of product contributes with a positive impact on the defined categories.

2 Chemical Industry Methodology for Portfolio Sustainability Assessments (PSA) - World Business Council for Sustainable Development (WBCSD).

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).

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).

SUSTAINABILITY CATEGORIES

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

PERFORMANCE CATEGORIES

Technical Performance	Durability	Ease of Application
Aesthetics	Additional Features	Cost Benefits

TARGET MARKETS

CONCRETE

Aggregate scarcity is becoming a critical topic for the concrete industry. Increasingly larger amounts of lower-quality aggregates, including sand, are used in the construction industry, which creates various challenges for concrete producers. In the year under review, Sika launched the Sand App, a highly innovative digital solution for fast, real-time analysis of fine (sand) and coarse aggregates (gravel). The app can determine particle size distribution as accurately as standard dry sieve analysis. In addition, it can identify additional particle shape parameters such as roundness, sphericity, or aspect ratio. The Sika Sand App allows users new opportunities to optimize concrete mix design performance in their everyday work.

Furthermore, Sika has been developing a new concrete recycling process (reCO2ver®). The reCO2ver® process aims to facilitate the production of new, high-quality concrete using 100% aggregates from recycled concrete demolition waste (CDW). In the year under review, the company developed admixtures to upcycle the content after the recycling process. reCO2ver® will make a significant contribution to the circular economy and reducing the environmental footprint of the construction industry.

In cooperation with leading industry players, Sika continues to develop and market concrete and cement admixtures specifically adapted to the Limestone Calcined Clay Cement (LC³) technology that significantly lowers the CO₂ footprint of cement. LC³ is a new type of cement based on a blend of limestone and calcinated clay that was developed by the Swiss Federal Institute of Technology Lausanne (EPFL). Sika admixtures allow customers to use LC³ binders to achieve the desired performance for strength and workability. The use of Sika solutions widens the potential application field of LC³-type binders significantly. The LC³ project aims to reduce the CO₂ footprint of cement by replacing up to 50% of clinker in cement. Sika helps the construction sector adopt this technology rapidly and effectively.

Together with a leading mining company, Sika developed technologies to produce concrete with 0% clinker content by combining slag from steel production with other mining waste materials.

Today's use of blended low CO₂ binders is often limited due to their slow strength development. Therefore, the availability of innovative accelerator systems is a prerequisite for extending binder systems use. With SikaRapid®-500 HX, Sika introduces a new type of seeding accelerator, providing early strength development without compromising the plastic characteristics of freshly made concrete. In addition, Sika introduced a new alkali-free, highly effective, and unique ultra-high solid shotcrete accelerator (Sigunit® L-5650). Both new products enhance Sika's competence in accelerating technology and shotcrete applications, allowing local teams to serve specific market and customer needs efficiently.

CONCRETE – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **Sika® ViscoCrete® CC:** a super-plasticizer designed to address the challenges of calcined clays used in concrete. This product allows cement to be replaced by calcined clay, reducing the CO₂ footprint significantly.
- **Sika® Sigunit® L-5650 AF:** a high-performance alkali-free liquid set accelerator for shotcrete, providing high early strength development. For new sustainable sprayed concrete types, this new accelerator provides the necessary strength development and lower costs due to higher performance.
- **SikaRapid®-500 HX:** a new seeding accelerator that supports early compressive strength development of concrete. This new product improves productivity without compromising the properties of fresh concrete.



For more information on Sika solutions, please visit the corporate webpage Concrete Technology

WATERPROOFING

Structures below the ground are regularly exposed to water. Without proper protection, excess water will damage underground structures. Sika provides long-lasting waterproofing products and systems to protect structures against water damage.

In the case of basements, the demand for waterproofing is rising due to higher exposure levels (basements built deeper into the ground) and stricter requirements in terms of acceptable moisture levels. At the same time, the shortage of skilled applicators has generated a demand for products and systems that are easy to install.

Applying waterproofing membranes to a perimeter basement wall normally requires labor-intensive substrate preparation (grinding, drying, and cleaning) on top of a 28-day waiting time for the concrete to fully cure. However, by using SikaProof® A+ post-applied and the SikaShield® W wet-applied, the waiting time after waterproofing can be reduced to a couple of days, and the substrate preparation work is kept to a minimum.

The waterproofing of construction joints is commonly done with PVC (polyvinyl chloride) water stop profiles or coated metal sheet profiles. Both systems have their advantages and disadvantages. With the introduction of Sika Waterbar® FB, a flexible, fully bonded TPO (thermoplastic polyolefin) waterstop, the advantages of both systems are available in a single system for the first time. The small profile cross section does not require any special rebar detailing or formwork, and the light weight, flexible nature of the TPO waterstop allows for quick and easy installation.

In the year under review, the successful range of swelling joint sealant SikaSwell® S-2 was further developed to meet the latest EHS requirements. This 1-part polyurethane hydrophilic sealant, which swells in contact with water to seal all types of construction joints and penetrations in concrete structures, conforms to LEED v4 Low Emitting Materials, Adhesives and Sealants.

WATERPROOFING – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **SikaProof® A+ post-applied and SikaShield® W wet-applied:** two unique waterproofing membrane solutions to simplify and speed up the installation process in every basement project.
- **Sika® Injection-216:** new structural polyurethane injection resin with extremely high mechanical values. This product is perfect for waterproofing and strengthening large wet cavities such as onshore wind power foundations or dams' renovation.
- **Sika Waterbar® FB-125:** a flexible, fully bonded TPO (thermoplastic polyolefin) waterstop for quick and easy installation.



For more information on Sika solutions, please visit the corporate webpage Waterproofing Systems

ROOFING

Sika has created roofing systems that are easier to apply to address the lack of skilled labor. The product line Sarnafil® AT has been extended with a self-adhering version for parapet solutions, where the bonding and membrane competence were ideally combined. The Sarnafil® AT technology meets the company's sustainability aspirations. Sarnafil® AT is the first thermoplastic roofing membrane in the market to be Cradle to Cradle Certified™. In this way, Sika contributes to the circular economy, just like the PVC recycling program in the USA, where old products are fed back into the raw material stream.

Sarnafil® roofing solutions have a long tradition and are unique in terms of durability: 60 years and more of proven roofing solutions. Durability and long-term roof performance are essential features of Sarnafil® AT. This system combines sustainability with performance, making roofs highly resistant to mechanical damage, flexible, and easy to weld. Sika demonstrates leadership in roofing technologies, and is a solid partner to construction customers worldwide. Two years after the successful launch of Sarnafil® AT, a new technology is ready to be launched with additional functionality to prepare for the unpredictable. The Sika SolaRoof® solution, an integrated solar solution that eliminates the interface challenges between roof assemblies and photovoltaic (PV) installations, received the Factory Mutual (FM) approvals and is now the first and only FM approved commercial and industrial solar roofing system. The Sika SolaRoof®

incorporates the proven performance of Sarnafil roof assemblies with an innovative, non-penetrating, lightweight racking solution for long-term securement of rooftop PV. Waterproofing and bonding competence were also merged with the launch of the SikaRoof® Multitape, a repair tape based on the Sarnafil® AT technology. SikaRoof® Multitape is a high-performance self-adhesive sealing tape consisting of UV stable carrier film combined with butyl rubber compound for sealing, jointing, covering, and repair of single-ply roofs.

With the new Liquid Applied Membrane Sikalastic®-701, a new member is added to the Sikalastic® waterproofing systems. The Sikalastic®-701 is a high-performance polyurethane/acrylic based hybrid top-coat, with improved UV resistance and excellent gloss retention. Sikalastic®-701 can enhance old roofs by prolonging the roof's lifetime or upgrading to a cool roof. When it comes to roof waterproofing, Sika remains focused on producing low-odor, sustainable products with excellent durability.

ROOFING – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **Sika SolaRoof®:** An integrated solar solution that received in 2022 the Factory Mutual (FM) approvals and is now the first and only FM approved commercial and industrial solar roofing system.
- **SikaRoof® Multitape:** a repair tape based on the novel, highly flexible, and sustainable membrane technology used in Sarnafil® AT.
- **Sikalastic®-702:** a general purpose roof waterproofing solution that, together with Sikalastic®-701, gives a higher-performance topcoat and enhanced durability.



For more information on Sika solutions, please visit the corporate webpage Roof Systems

FLOORING

Sustainability is one of the main drivers of Sika flooring innovation. In the development of new solutions, the company focuses on indoor air quality, low volatile organic compounds (VOC) content and odor, system durability with minimal maintenance requirements, easy and economical floor refurbishment, low energy demand in the life cycle, and the use of raw materials from renewable resources.

In 2022, Sika used a new range of polyurethane prepolymers with an ultra-low monomer content. The new Sika Purform® technology comprehensively fulfils the new REACH-Legislation in Europe and contains less than 0.1% of monomeric diisocyanates. By using the Purform® technology for higher-performance polyurethane products with ultra-low diisocyanate monomer content, Sika helps its customers meet the challeng-

es of tomorrow. The highest-grade Sika ComfortFloor® PS-24 and Sika ComfortFloor® Marble FX systems consequently reduce user exposure to an absolute minimum and comply with the Purform® label.

As a leading supplier of epoxy-based floorings, Sika developed several new products in 2022 to fulfill customer needs. New amine hardeners have a high impact on performance at low dosages. In combination with standard amines, the new solutions display unique properties. Sika developed a new epoxy platform and launched it with the solutions Sikafloor®-1590 / -2640 / -2650 and Sikafloor®-169 ESD. The product properties are adjusted to the relevant segments and combine fast curing, low odor and VOC emission, and improved color retention.

The Curing-by-Design technology was transferred to flooring applications like Sikafloor® 3000 Snapbooster. With this ground-breaking technology, the curing time of polyurethane flooring materials can be accelerated. This enables applications of complete multilayer systems on the same day. Additionally, Curing-by-Design technology is used in marine flooring for applications of artificial teak deck floors. Two new products are changing the game in epoxy flooring: The fast-curing primer Sikafloor®-1590 enables the application of two or more layers of the system on the same day. With the fast-curing roller coat, Sikafloor®-2650, the floor can be returned to service the next day. Such efficient applications have so far only been possible with other technologies that suffer from drawbacks like unpleasant odor or high cost.

FLOORING – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **Sikafloor®-267:** self-leveler and roller coat. Excellent indoor-emissions certifications were achieved, including AgBB, French VOC regs (A+), and LEED V4.1.
- **Sikafloor®-1590:** a fast-curing epoxy primer that allows overcoating on the same day, normally within a few hours.
- **Sikafloor®-2650:** fast-curing epoxy roller coat, which allows return to service the next day.
- **Sikafloor®-530:** a pigmented fast-curing, 100% solids topcoat for car park decks. This solution ensures a safe, slip-resistant walking surface. Its impact resistance, abrasion resistance, and elastomeric waterproofing qualities cope with the daily rigors of constant traffic.



For more information on Sika solutions, please visit the corporate webpage Floor Systems

SEALING & BONDING

Sika has continued the rollout of new polyurethane technology launched under the Purform® brand. In 2022, the products

Sikaflex®-11 FC Purform® and Sikaflex® PRO-3 Purform® have been rolled out globally. In parallel, the development of additional products based on the Purform® technology for the basic sealant and adhesives range was completed, and the products are ready to be launched in 2023. With this new technology, Sika is supplying customers with products satisfying the highest standards in terms of performance, sustainability, and safety of users. Furthermore, Purform® products offer significant performance advantages, for example, by enabling curing at low temperatures, good compatibility with sensitive surfaces such as natural stone, and even better durability when exposed to environmental influences like heat, UV radiation, or aggressive liquids. Furthermore, having a monomeric diisocyanate content below 0.1%, Sika's Purform® products fulfill the new REACH Regulation for the use and applications of isocyanates coming into force in August 2023. They can therefore be sold without any limitations.

Sika is focused on the development of new solutions for hybrid construction, which involves applications where different kinds of materials are connected. A new structural bonding product range has been developed for metal and composite bonding. Sika is introducing novel, toughened adhesives for structural bonding and strengthening in construction and civil engineering, e.g., steel bridge repair, seismic guarding, or construction with more sustainable materials. High-strength bonding of non-rigid materials, such as metal or composite structures opens a new field for structural bonding applications in construction. For that reason, Sika transferred its SmartCore® toughening technology to the needs of the strengthening market in a first product under the name Sikadur®-370. Sikadur®-370 is a two-component epoxy adhesive that unites the highest mechanical properties with toughness and allows long-lasting and durable connections.

SEALING AND BONDING – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **Sikaflex® PRO-3 Purform® PowerCure:** rapid curing solution for sealing joints. Applications are found in refurbishing infrastructure, like transportation and water management infrastructure or running production facilities and warehouses.
- **Sikaflex®-117 Metal Force:** sealant specially designed for bonding metals, effective on most materials, including concrete, masonry, stone, ceramic, wood, metals, and glass. Ideal for fixing corrugated sheets, flat sheets, metal roofs, and cover plates.
- **Sikadur®-370:** a two-component epoxy adhesive that combines highest mechanical properties with toughness and therefore provides long-lasting durable connection.



For more information on Sika solutions, please visit the corporate webpage Adhesive Systems

ENGINEERED REFURBISHMENT AND BUILDING FINISHING

The development of sustainable cementitious mortars for repairing, waterproofing, levelling, tiling, and flooring has been a priority also in 2022. The main characteristic of these products is the significant reduction of Portland cement content by substitution with Supplementary Cementitious Materials (SCM), which often are waste materials and may otherwise be disposed to landfill.

Identifying reliable sources of alternative sands and binders is a significant focus for Sika: These can be materials from recycling, industrial by-products, or waste from any industry, including Sika's production facilities. A dedicated team develops ways to make their use technically feasible. For example, Sika works on reusing and valorizing production tails or dust collector fines from Sika plants. When integrated into formulated products, alternative raw materials are linked to additional functionalities, such as weight reduction, deformability, and other outstanding functionalities, like abrasion resistance. As a result, they have a reduced embodied carbon footprint, stand out with reduced dust formation during the application, and meet LEED (Leadership in Energy and Environmental Design) v4 requirements.

The replacement of cement by SCM in all categories of mortars, ranging from tile adhesives, renders, waterproofing or repair mortars, and high-end grouts, has allowed the reduction of close to 210 kt CO₂ emissions in 2022. Sika's ambition is to achieve a 480 kt reduction of CO₂ emissions in 2025 by lowering the cement content of mortars. In addition, Sika has developed the first Portland cement-free high-end, flexible tile adhesive. This product, presently in field tests, will be launched in 2023. Using alternative raw materials from renewable resources reduces the product carbon footprint.

The performance of products containing materials derived from renewable resources plays a decisive role in the demand for more sustainable coatings. Sika has been expanding its line of sustainable, water-based protective coatings. A new water-based platform for concrete protection coatings was developed to reduce the product's embodied carbon footprint. The first product of this new range, Sikagard®-5500, is designed for use on reinforced concrete and has been rolled out in the year under review. The product reduces the use of fossil-based raw materials and moves the formulation towards raw materials derived from renewable resources via the biomass balance concept. This entails using biogas or bio-naphtha in the initial stages of the supplier's raw material manufacturing stage, thereby introducing renewable feedstock into the production process. This new development reduces the products carbon footprint by approximately 30% compared to traditional water-based concrete protection elastic coatings. In addition, the new coating displays far better crack bridging behaviors even at temperatures down to -20°C.

In 2022, another innovation focus area was Hybrid Timber-Concrete Composites. As a result of an intensive two-year collaboration between the Swiss Federal Institute of Technology (ETH), Swiss Federal Laboratories for Materials Science and Technology (EMPA), Fagus Suisse SA, and Sika, the company presented new timber-concrete hybrid construction technology concepts. Com-

binning wood with concrete, steel, and organic composite materials, such hybrid constructions are promising for future sustainable architecture. Prototype high-performance slab systems were developed using the timber-concrete composite (TCC) method. These ceiling systems are essential for modern multi-story timber constructions or when refurbishing old buildings due to conversion, modernization, or energy renovation. Furthermore, using timber in load-bearing construction elements provides long-term carbon storage in buildings. It reduces the carbon dioxide-intensive production of mineral-based construction materials. To develop the potential of modular timber construction, Sika has been intensifying its cooperation with ERNE AG Holzbau, Switzerland.

ENGINEERED REFURBISHMENT AND BUILDING FINISHING – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **SikaCeram®-252 Impact:** Sika prepared to launch of the first Portland cement-free tile adhesive, reducing the CO₂ footprint by 50% vs. the previous generation.
- **Sikadur®-31+:** low VOC and best-in-class EHS epoxy adhesive for structural bonding and concrete repair is easy to mix and apply, and has excellent adhesion to most construction materials.
- **Sikagard®-5500:** concrete protection coating with reduced use of fossil-based raw material. The new coating displays improved crack bridging behaviors even at temperatures down to -20°C.
- **SikaGrout® 3320:** high-performance grout with high early strength development at low temperatures, with 50% higher strength and -32% CO₂ emissions versus the previous generation.



For more information on Sika solutions, please visit the corporate webpage Finish

INDUSTRY

For industrial manufacturing, sealing, and bonding can replace traditional joining technologies like welding or screws, and allows the joining of new and different materials, opening new design options. With Sika's innovative structural bonding solutions SmartCore® or Powerflex®, customers can achieve the highest performance and durability for their products. In addition, the Curing-by-Design technology reduces the process time by up to 70%. Sika's adhesives support the automatization megatrend that is impacting the building and construction sector. In off-site construction – or modular building – more than 80% of the construction is typically completed before it arrives at the construction site. Modular construction is becoming more popular due to its many benefits, such as its cost-effectiveness, flexibility, improved quality control, and efficient use of materi-

als, as well as less waste, transport and time spent on construction sites. It can also help address local construction challenges, such as skilled labor shortages or meeting regulations. Sika's product development teams support off-site manufacturers with solutions that meet the most demanding specifications and improve manufacturing efficiency and quality. With extensive technical expertise and solid practical experience on every continent in all climates, Sika has developed a full range of modular construction solutions in the following areas: passive fire systems, joint sealing for interior and exterior applications, roofing membranes and systems, floor adhesives, concrete admixtures, bathroom pod waterproofing and tiling systems, process optimization, and technical service.

As a leader in elastic bonding and the world's biggest manufacturer of polyurethane adhesives and sealants, Sika has developed the Purform® technology with outstanding performance and sustainability benefits for its customers. Sika's Purform® products already fulfil the new REACH Regulations for the use of isocyanates coming in August 2023. In particular, Sikaflex® and SikaTack® Purform® adhesives and sealants meet the latest REACH and Occupational Exposure Limits (OEL) requirements and do not require the REACH diisocyanate safety training. In 2022, the basic range of adhesives for auto glass repair based on the Purform® technology was completed. The new adhesive range will be launched in 2023.

In the year under review, Sika introduced new thermo-acoustic dampers for dishwashers into the market. By combining the SikaBaffle® with the SikaDamp® technology, a homogeneous foam layer is formed underneath the damping mat directly within the application process covering the entire area. The resulting foam layer thermally decouples the damping foil from the tub while generating acoustic performance. The combination of SikaBaffle® and SikaDamp® provides excellent noise reduction for the customer, allowing fulfillment of the most stringent new energy labels.

To help the shipbuilding industry reduce CO₂ emissions, Sika has developed the Sikafloor® Marine Ultra-Light Floating Floor solutions that reduce the weight by at least 24 kg/m² compared to a traditional floating floor construction. Reducing the weight of the ship floor minimizes fuel and energy consumption, and consequently, lowers CO₂ emissions.

INDUSTRY – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **SikaLastomer®-590:** a butyl adhesive which improves cooling appliance's (e.g., refrigerators) thermal energy transfer due to its higher thermal conductivity.
- **Sikasil® AS-786:** fast-curing silicone adhesive with adjustable mixing ratio to fulfil customer specific requirements in automated processes.
- **SikaPower®-301 – ULTRA-LOW BAKE:** new heat curing structural epoxy adhesive.
- **SikaFast®-550 L06:** fast-curing structural acrylic adhesive, designed to replace mechanical fixations such as rivets, screws, or welding. The product is solvent-free, acid free, and low-odor.



For more information on Sika solutions, please visit the corporate webpage [Industry](#)

AUTOMOTIVE

The automotive industry is undergoing structural transformation, with production and distribution functions being altered by new propulsion systems, digital technologies and new materials. Thanks to its decades-long expertise in automotive adhesives and sealants, Sika is well-prepared for this change. Sika is developing solutions for electric vehicle battery systems, including intumescent coating, thermally conductive gap fillers and battery system bonding and sealing solutions.

Electro-mobility and lightweight chassis construction increase the importance of superior auxiliary materials that make vehicles more efficient, safer and quieter. Sika's heat-conductive materials dramatically reduce battery charging times, which will help accelerate the market penetration of electric vehicles. Sika supplies adhesives and sealants for battery systems that meet highest technical requirements for high-temperature resistance and high thermal conductivity. SikaBiresin®, a new silicon-free gap filler solution, has proven to be the right solution for thermal heat transfer in battery boxes. Those gap fillers and adhesives enable efficient energy exchange between the battery and the cooling plate. This technology is crucial because it does not only enable fast charging, it also helps to extend battery life and improves battery performance.

Sika also enhanced the SikaBaffle®-400 series, a full range of high-performing cavity sealers for the automotive body-in-white. The new family of heat-reactive baffles consists of a portfolio of products with different expansion rates that deliver excellent cavity sealing properties. Low-temperature baking represents one of today's challenges to meet sustainability targets from customers aiming to reduce energy consumption during production. Within the SikaBaffle® portfolio, a high expanding Low Bake baffle is available; this product is fully functional already at 140°C and is now in serial production at OEMs.

The new SikaForce®-800 line is a 2C polyurethane-based room temperature curing adhesive series for automotive assembly line applications. This new product line sets standards for demanding applications and enables fast and robust processes. In addition, the new series focuses on performance and sustainability: four new products that allow mixed material combinations have been launched in the year under review. For many years, SikaForce® adhesives have proven their excellence across numerous projects and applications where flexible or (semi-) structural joints with high demands on long-term robustness and weathering resistance are given. In the automotive industry, these requirements are associated with short cycle times and various materials. With SikaForce® adhesives, a highly industrialized and automatized performance level in joining assembly parts such as spoilers, taligates, roofs, and decorative components can be achieved.

Several years ago, Sika Automotive introduced non-reactive polyolefin (PO) hot-melts to the automotive interior business. The main benefit of using non-reactive (PO) hot-melts is the adhesion to polypropylene without additional treatment. Polyolefin hot-melts offer further added value for customers: Non-reactive products are more straightforward and create less waste than reactive adhesive solutions. Working with polyolefin hotmelts allows the manufacturer of automotive interior parts to ship them directly after production to their OEM customer, as the final performance can be achieved immediately after bonding. The products are classification free and have a lower carbon footprint than other adhesives. The elimination of the treatment process decreases the global warming potential (GWP) of the interior trim part. Even recycling of bonded parts can be improved by using PO hot-melts. In the year under review, Sika expanded the range of these SikaMelt® adhesives for bonding plastics, composites, metals, wood, paper, textiles, and foams for interior and exterior automotive applications. Physical curing starts while the product is cooling down from its processing temperature and, for reactive hot melts, continues in a chemical crosslinking.

AUTOMOTIVE – INNOVATIVE SOLUTIONS LAUNCHED IN 2022

- **SikaBiresin®:** a silicone-free gap filler for thermal management in the battery, allowing for efficient heat transfer from the cells to the cooling units. The product is being introduced in a large car manufacturer in Europe and provides an excellent combination of thermal conductivity and excellent application properties.
- **SikaPower®:** two new products cure at process temperatures as low as 150°C: a structural bodyshop adhesive with improved corrosion resistance and a high modulus over a wide temperature range; and a crash-resistant adhesive with improved corrosion performance and superior humidity resistance in the uncured state to support new manufacturing needs.
- **SikaDamp®:** the next generation constrained layer damper product family has a reduced CO₂ footprint by using a combination of bio-based and recycled rubbers and reduced waste in the production process.
- **SikaMelt®-720:** a new polyurethane hot-melt, combining high initial strength at elevated temperature, short curing time and low reactivation temperature with excellent application properties for all kinds of interior trim press lamination. The product was designed to allow for a clearly lower isocyanate content to further reduce the exposure risks of operators compared to existing solutions in the market.



For more information on Sika solutions, please visit the corporate webpage Automotive

INNOVATIONS DRIVING NET ZERO

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

Thanks to its innovation power, Sika can significantly help reduce global greenhouse gases. In addition to its own research and development activities, Sika enters strategic partnerships to promote innovation. Important focus areas for R&D initiatives driving net zero include:

REDUCING CEMENT

Sika helps its customers reduce their carbon footprint, for example, by offering technology platforms that allow them to reduce the use of Ordinary Portland Cement (OPC). The reduction is realized most efficiently by highly specific admixtures that ease the processing and application of low-OPC products. Other examples are concrete and mortar systems containing an increased ratio of recycled binders with Supplementary Cementitious Material (SCM), such as slags, alternative quartz-based sands, gravels, and agro-industrial wastes like cashew ash to reduce the environmental impacts of OPC. In addition, Sika's polymer fibers as internal reinforcement of concrete enables the realization of slimmer structures with comparable strength, thus reducing the overall OPC consumption. Ecocem Materials Ltd., Ireland, and Sika have decided to intensify their more than decade-long cooperation to accelerate the design of low-carbon solutions for cementitious formulations.

MORTARS TO EMBRACE CIRCULAR ECONOMY

Sika has been cooperating with ADEME, the French Agency for Ecological Transition in charge of environment and energy, to replace traditional silica sand in mortar production. Together with ADEME, Sika has been conducting a research project called "Sand" to investigate how concrete recycling waste on an industrial scale might deliver a solution not only for concrete but also for dry-mix and universal mortars. The aim is to reduce the extraction of natural silica sand and later replicate the recycling process in mortar production facilities in geographic areas with limited sand access. Furthermore, Sika has been developing new formulation routes for dry-mix mortars and directs the production process towards managing recycled and locally processed aggregates in the Sika product range.

BIO-BASED PROTECTIVE COATINGS

Another example of Sika's competence in creating formulations based on alternative materials are bio-based coatings. With rising environmental concerns and increasing customer demand for sustainable products, bio-based systems will play a more significant role in the future. Sika is therefore strengthening the development of water-based protective coatings based on alternative, bio-based materials. The company has developed a new water-based platform for concrete protection coatings and processed the further development of water-borne coatings for reinforced concrete by reducing the use of fossil-based materials and moving the formulation towards bio-based materials like sugars, ethanol, or plant oils and toward using biogas or bio-naphtha from renewable feedstocks.

PACKAGING AND PRODUCT RECYCLING TO SUPPORT THE CIRCULAR ECONOMY APPROACH

Sika is committed to reducing the carbon footprint throughout the value chain. Part of this strategy is expanding its range of sustainable and high-performance packaging and product options. The goal is to provide customers with products and packaging that positively impact businesses and the planet. In the year under review, the company focused on PCR (post consumer recycled) packaging solutions in cartridges, buckets, wrap foil, and application nozzles. Furthermore, the Sika post-consumer recycling program recycles millions of square feet of used membranes yearly that would have otherwise gone to landfills. Sika also reduces waste at every step of the product life cycle, converting more than 98% of scrap materials from manufacturing and installation into new roofing and waterproofing membranes.

Product developments across Sika's Target Markets deliver highest performance and enhanced environmental benefits. Please see the information on recently launched innovations on p. 119-124 of the Sustainability Report 2022.

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

Product quality and reliability have always been critical for Sika. 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 safe-

ty), 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 a 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 2022, no instances of non-compliance with Safety Data Sheets were reported.

CORPORATE LEVEL

The Global Regulatory & Product Compliance (RPC) team which reports to Head Global Quality & EHS is responsible of providing a globally compliant data base and classification system (SAP Product Compliance), to support regions in setting up and deploying RPC processes, and to exchange information on emerging regulatory developments. 290 representatives in regional and local organizations from 118 Sika companies use SAP-Product Compliance. Furthermore, the team is responsible for product health and safety-related data to be 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.
- 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 the area of 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, Production, Target Markets) and with Corporate and local Expert Teams, the Global Regulatory Affairs Team defines and initiates tasks, programs, and compliance projects. In particular, 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 Steering Team Banned Substance is comprised of members from Product Stewardship, Regulatory Services, Sustainability and R&D functions. The team evaluates and assesses substances with an elevated hazard potential in raw materials and Sika products. In view of the associated risks and the available alternatives, the Steering Team Banned Substance decides whether a time-limited exemption can be granted and initiates the substitution of the substance.

REGIONAL LEVEL

The regional Regulatory & Product Compliance Team is responsible to roll out RPC processes, query local requirements, and support countries in setting and targeting RPC objectives, as well as organize 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 a 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 2022, the global Product Stewardship team organized 18 trainings, involving 231 Sika employees from various functions (Product Stewardships, Regulatory Affairs, EHS, and R&D) and regions (Americas, Asia/Pacific, EMEA and Global Business), including various countries (all EU countries, Argentina, Australia, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, Ghana, Guatemala, Honduras, India, Indonesia, Ivory Coast, Japan, Lebanon, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Saudi Arabia, Serbia, South Africa, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, Uruguay, USA, Venezuela, Vietnam).

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, reactive components wherever possible, and using devices for safe contact-free application. In 2022, all entities of Sika Group were compliant with applicable regulations and did not report any significant incident concerning the health and safety impact of products.

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 the risks that can arise from chemicals.

Sika maintains a comprehensive Product Stewardship process and network, including a database for impact assessments, toxicological evaluations and product registration, classification, and labeling. This results in a steady improvement in products.

CHEMICAL SUBSTANCES RISK MANAGEMENT

Sika aims to eliminate substances hazardous to human health or the environment from products and production processes wherever possible. The company has established the Sika Banned Substance Process at Group level for assessing and treating substances with an elevated risk hazard potential based on the GHS classification. This internal process is complementary to local legal requirements, emphasizing Sika's uncompromising commitment to quality, safety and environmental sustainability.

Substances falling under the "Sika Banned Substance" definition must be checked for replacement by less hazardous alternatives in all the 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 sales products (both manufactured and trading products), all materials handled in manufacturing plants and supply chain. Only substances used for R&D purposes are exempt.
- Category 2: substances which may be used in controlled manufacturing processes as long as the defined concentration limits are not exceeded in the final product.

In the last two years, as a result of assessments conducted by the Steering Team Banned Substance, 39 substances of concern were phased out. 148 assessments conducted over the same period have identified further 60 substances which are planned to be phased out by the end of 2024. Sika is currently reviewing the Sika Banned Substance Process, with a view to accelerate progress in this important area, and continues to review and assess the use of substances of concern.

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 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 Sika Group must be compliant with local laws and regulations. No significant violation of regulations concerning this topic was reported in 2022.

REQUIREMENTS REGARDING MARKETING COMMUNICATIONS

Sika complies with all laws and regulations concerning marketing communications, including advertising, promotion, and sponsorship. All entities of Sika Group must be compliant with applicable laws and regulations. No significant violation of regulations concerning marketing communications was reported in 2022.

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 maintain 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 very 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 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 started rolling out the platform across all regions in 2022. EMEA and North America have developed ad hoc strategies, while Latin America has integrated the platform with WhatsApp to deliver NPS results. Platform use in the Asia/Pacific region is still in its first stages, but the plan is to make sure all countries align and use this platform regularly in the near future. The ultimate goal is 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.

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 will 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...?”
- Sales feedback allows customers to share how they felt about their experience throughout the sales process. This feedback is collected through direct, post-purchase phone, or email surveys, and follow-ups with prospects who did not close.
- Customer service or support feedback is like sales feedback, but it instead examines a customers experience with a service or dedicated support. This type of feedback is collected through phone or email surveys after customer support tickets are raised.

EMEA MARKETING ACADEMY

The EMEA Marketing Academy has operated since 2020. It offers 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 2,566 individual hours of training with more than 200 participants. In 2022, customer feedback was one of the main topics covered in the trainings, which focused on and how employees could best create surveys that measure customer sentiment. There was also a dedicated session on the corporate survey tool and how it can be used to conduct surveys.

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. Nonetheless, Sika is searching for ways to implement global standards while still allowing for local adaptations. In 2022, various customer satisfaction management activities were conducted at regional and country level. Those can be summarized as follows:

EMEA

During the reporting year, twelve countries conducted nine surveys for a total of 761 respondents. The countries were:

- Algeria: A yearly online feedback survey is sent out to all customers. In 2022, 215 out of 439 customers answered the survey.
- Angola: In 2022, a customer satisfaction survey was sent out to 36 key customers asking them to rate general commercial and sales services.
- Ethiopia: A customer satisfaction survey is sent out yearly. The questionnaire include 11 topics which cover product quality, pricing, service evaluation, quality of information and communication, procedure, and suggestions for improvement. In 2022, the survey was sent to 43 key customers.
- Morocco: A yearly online feedback survey is sent out to all customers. In 2022, 350 out of 426 customers answered the survey.
- Pakistan: Sika Pakistan sends feedback forms quarterly to its costumers to identify strengths and weaknesses of Sika services and products. In 2022, 45 customers were involved in the initiative.
- Qatar: In 2022, 21 out of 21 key customers answered the customer satisfaction asking them to rate general commercial services.
- South Africa: Every two years, Sika South Africa, which includes Botswana and Namibia, send a customer satisfaction survey to collect information on the company's reputation, the most important aspects in the buying process, and the

effectiveness of external communication materials and channels.

- Sweden: A survey is sent out by the company at the end of each year to selected customers based on their size and sales. The survey covers several areas regarding customer service, sales, deliveries, communication, and marketing. In 2022, 53 out of 152 customers answered the survey.
- Tunisia: A yearly online feedback survey is sent out to all customers. It covers topics such as sales services, technical support, quote, order, delivery processes, and claims processing. In 2022, 111 out of 204 customers answered the survey.
- UK: Customer satisfaction is measured annually via an online survey sent to customers. The survey covers key areas of interaction such as quality of products, orders and deliveries, query resolution, technical support, customer services and sales departments. In 2022, 11 out of 190 customers answered the survey.

AMERICAS

During the reporting year, six countries conducted seven surveys for over 900 respondents. The countries were:

- Argentina: A general customer satisfaction survey is distributed every two years, with an average of more than 150 respondents. The next one is planned for 2023.
- Brazil: A general survey was sent to all the customers in the country, for a total of approximately 1,500 customers responsible for 80% of the sales. In 2022, Sika Brazil collected 216 feedbacks.
- Canada: An annual Net Promoter Score (NPS) survey collects 350–400 responses on average.
- Colombia: A general service satisfaction survey is sent quarterly to the most important customers. In 2022, 88 out of 152 customers answered the survey.
- Ecuador: A general satisfaction survey was sent out to 300 customers, and 67 answers were received.
- Mexico: One customer satisfaction survey was completed, which reached 250 customers via phone interviews.

ASIA/PACIFIC

During the reporting year, nine countries conducted 23 surveys, eight of which completed during customer training, for more than 2,600 respondents. The countries were:

- Australia: During the reporting year, surveys were conducted during customers trainings for a total of 470 respondents.
- Cambodia: In 2022, a satisfaction survey was sent to six customers.
- China: A survey to collect feedbacks on strenghts and weaknesses (300 respondents) and a distributor survey to measure satisfaction with the work of functional departments, focusing on customer concerns (360 respondents/distributors) was completed.
- Indonesia: Four customer satisfaction surveys were sent to four target customer groups: distributors, applicators, industry customers, concrete customers. The initiative involved 150 respondents, and resulted in clear action plans for improvement.
- Japan: Surveys were conducted during trainings for architects, for a total of 500 respondents.
- Philippines: An extensive customer satisfaction study captured insights from more than 80% of all active customers

and competitors analysis, which resulted in a concrete plan for improvement over time.

- Singapore: A survey for customer feedback which involved 50 respondents was completed.
- Taiwan: A yearly survey on product quality, lead time, service, and customer support is sent out. In 2022, the survey yielded 112 respondents.
- Thailand: Three customer satisfaction surveys were sent out, to measure customer satisfaction on products and services. In 2022, the survey yielded 422 respondents.

GLOBAL BUSINESS

Sika Global Business applies a pure B2B approach where several roles and functions among the organization actively engage with customers. For instance, all managers ensure projects are executed according to plan, proposing new products and solutions. Meanwhile, the Technical Service team supports the organization of training, 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 those projects that are already in the execution phase. The team conducts 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 timing of deliveries. By being a supplier, Sika collects monthly reports from its customers. This allows the company to monitor progress against targets and to measure the overall performance. If targets are not met, the responsible team develops an action plan. To monitor progress against targets and to measure the overall performance of Sika, monthly reports are provided by the customers. Moreover, 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 in order 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. In response to COVID-19 pandemic, most trainings were moved to a virtual learning environment, and Sika benefited from its digital platform that allows the presentations of innovative technologies and products to carry on uninterrupted.

Customer trainings can be assigned to three main categories: to transfer generic knowledge; to explain a specific product or its application; and to introduce to 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.

Trainings 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, 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 trainings.

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

Procurement Academy

The Procurement Academy was established in 2022 to develop the skills set of the Procurement team working at all levels of the organization.

TfS¹ Academy

The TfS Academy is a tailored learning and development platform specifically designed to help upskill procurement teams and their suppliers on all sustainability-related topics.

KEY FIGURES

change vs 2021

Direct material expenditures (in CHF mn)

5,312

+19.1%

Suppliers who signed the revised SCoC²

33%

TfS assessments

770

+42%

Audits

239

+169%

¹ Together for Sustainability (TfS).

² The Supplier Code of Conduct (SCoC) was revised towards the end of 2021. Therefore, 2022 will be the baseline for future monitoring. 33% refers to suppliers based on the direct spend covered by the revised SCoC. All information disclosed in this chapter refers to tier 1 suppliers.



“Procurement plays a key role in driving forward our sustainability commitments and activities upstream of our supply chain. This is embedded into our procurement strategy in which we assume the responsibility to make sure all vendors are selected and committed to the highest ESG standards.”

Marcos Vazquez
Head of Global Procurement

MATERIAL TOPICS

Responsible
Procurement

Human
Rights

Labor
Standards

Risk and Crisis
Management

SDGs



RESPONSIBLE PROCUREMENT¹

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

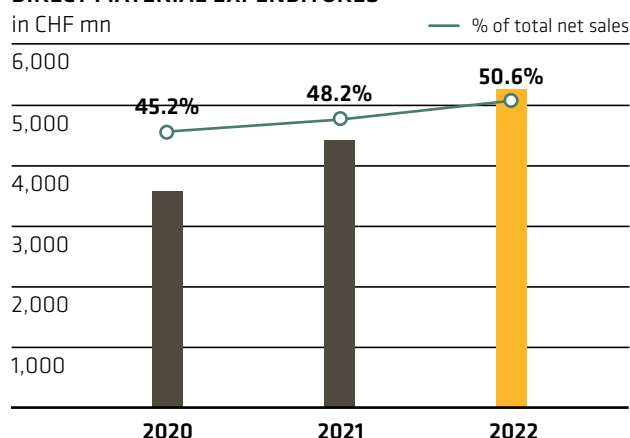
POLICIES AND GUIDELINES



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

Sika's supply chain varies depending on the business segment. Sika companies' source direct materials, and trading goods packaging both locally and internationally. Some materials are only available from international suppliers and must be imported into the country of production. Due to Sika's diverse purchasing portfolio, with around 60,000 materials from more than 15,000 suppliers, there are no primary brands. Sika strives to work with local suppliers wherever possible to reduce lead time, risk, and transport, and to increase availability and control quality. In 2022, the amount of direct material expenditures was CHF 5.3 billion, which corresponded to 50.6% of Group total net sales. Material expenses increased as a percentage of net sales by 2.4 percentage points. This increase was driven by increased raw material costs due supply chain constraints and rising energy costs.

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, SCMs (supplementary cementitious materials), sand, carbonates, polyols, epoxy resins, lignosulphonates, PVC (polyvinyl chloride), 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 15,000 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. Due to the acquisitions that took place throughout the year, the network of Sika's suppliers enlarged. For more information, please see the "Methodological Note" chapter on p.154 of the Sustainability Report 2022.

Sika employs a risk management approach for suppliers and the raw material supply chain. This approach is described in the "Risk Management and TCFD Recommendations" chapter on p.25 of the Annual Report 2022.

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 upcoming supply chain due diligence requirements, 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 into 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).

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

² This indicator is extracted from the consolidated income statement. Material expenses include the value adjustment expenses for unsaleable and depreciation and amortization due to inventory difference.

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. In addition, Procurement dedicates a unique category to Supplier Risk and Sustainability Management.

- **Material Category Roles:** All materials for Sika's core technologies are structured around material categories. Each material category is coordinated globally by a Global Category Manager. Depending on the size and complexity of spending in the respective categories, some material groups might be further managed by Global Material Group Managers. 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.

SUPPLIER MANAGEMENT AND DIRECT PROCUREMENT

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. Purchase prices consequently vary according to the supply and demand situation for each raw material and fluctuations in the price of oil. To reduce its dependency on crude oil, Sika is continuously exploring alternative renewable raw materials, such as sugar derivatives, bioethanol derivatives, and natural oils. Moreover, recycled raw materials are used wherever possible, and many production plants implement their own, or externally operated, recycling loop systems. Mineral substances, such as calcium carbonate, sand, and cement, make up the remaining raw materials. For more information please see the "Planet" chapter, "Circular Economy" section on p.103 of the Sustainability Report 2022.

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's specialists, as well as external consultants. For more information, please see the "Products and Customers" chapter on p.113 of the Sustainability Report 2022.

Sika's procurement specialists and technical experts work closely with suppliers' technical units to fully understand the raw material flows, and continually optimize costs, quality, availability, and sustainability. Additionally, potential suppliers are closely screened by Sika and must demonstrate compliance with all laws, regulations, and international standards set out through Sika's qualifying and selection process.

COVERAGE OF SIKA SUPPLIER CODE OF CONDUCT

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 into sustainable development and corporate responsibility. The Sika Supplier Code of Conduct sets out our expectations for the supplier network and reflects 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 enforce them in their own supply chain network. In 2021, the Supplier Code of Conduct was revised and enhanced to ensure applicability to relevant standards and regulations. Sika Procurement is now investing to ensure the updated version is accepted by the entire supplier base. As of end of 2022, 33% of direct spend is covered by the revised Sika Supplier Code of Conduct. The goal is to reach 100% coverage of suppliers, including both existing and new ones, in the upcoming years.

MATERIAL RISK MANAGEMENT – EARLY IDENTIFICATION OF POSSIBLE RISKS

All purchased materials are regularly evaluated through Sika's Supply 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. Sika uses this risk management process stringently to ensure any potential impact on the company and its customers is mitigated. The results of Sika's risk management process are often supplemented by an evaluation of a suppliers' ESG standards and internal processes.

SUPPLIER QUALIFICATION APPROACH

Through 2022, Sika continued to follow its supplier qualification and evaluation approach based on four pillars, mapping out the main sustainability principles (environmental, social, and economic) both for potential suppliers and current suppliers. The documentation collected during supplier qualification is transparently recorded and stored on the Supplier Relationship Management platform. These procedures are designed to ensure compliance with international labor standards and prescribed quality, environment, health, and safety criteria. Documentation generated during supplier qualification, such as audit and visit reports, supply agreements, and specifications, is transparently monitored on several dedicated platforms, including the Supplier Relationship Management Platform (SRM) and the Risk Management platform. The system enables buyers at Sika to inspect suppliers' qualifications and support the suppliers to improve their ESG performance if necessary.

SUPPLIER RISK IDENTIFICATION, AUDITS, AND ASSESSMENTS

In 2022, Sika procurement reviewed its supplier due diligence process to enhance its risk identification criteria in line with upcoming regulatory requirements. In 2023, Sika will utilize Supplier Risk Profiling, supported by an external solution, to ensure a broad and detailed risk evaluation. This will enable further action through Tfs assessments and Tfs audits and Sika supplier audits. Over 1,000 Sika suppliers have been assessed and/or audited under the Tfs framework. In 2022, 770 Tfs supplier assessments¹ with EcoVadis and 239 Tfs and Sika supplier audits were carried out. 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 2022, over 650 suppliers of Sika were re-/assessed under the Tfs framework.

SCREENING OF SUPPLIERS THROUGH ENVIRONMENTAL AND SOCIAL CRITERIA

Sika's values are centered around respecting universal human and workers' rights, acting in accordance with fundamental environmental, health and safety standards and investing into sustainable development and corporate responsibility. Sika takes responsibility for its supply chain and applies the highest ethical standards to its suppliers. The entire Sika supplier network is expected to embrace the values defined in the Supplier Code of Conduct. For instance, by signing Sika's SCoC, all tier 1 suppliers commit to Sika's zero-tolerance policy regarding the respect of basic human rights such as child labor or forced labor, 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 carry out their processes in compliance with Sika's sustainability criteria. For more information on Sika's risk management approach to child labor, please see the "People" chapter, "Human Rights" section on p.64 of the Sustainability Report 2022.

TRAINING FOR EMPLOYEES AND SUPPLIERS

Since 2011, Sika has carried out the "Supplier auditor training program", a yearly initiative conducted over two days of training for procurement, technical, and quality responsible experts. It is part of the Sika Audit Charter and covers the following: scope, procurement process, supplier audit process, audit technique, audit checklist, reporting, and a personalized workshop on audit planning. In 2022, three online training courses were executed covering all regions and business units. 140 Sika employees successfully finished this training. Moreover, Sika continuously leverages both internally developed and externally provided sustainability-driven supplier trainings and webinars. By identifying the key concerns and findings per region and/or supplier groups and streamlining exercises and improvement guidance, Sika can ensure that its supplier network is provided with the necessary support to reach the required expectations.

SUPPLIER QUALIFICATION APPROACH

Sika Supplier Code of Conduct

The supplier commits to comply with Sika's SCoC which reflects 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.

Material Specification

The supplier agrees and signs a standard set of parameters that defines the minimum requirements of the goods and/or services that will be provided by the supplier to Sika.

Sika Self-Assessment

Depending on identified internal risks and thresholds, specific suppliers will additionally be asked to complete a Sika Self-Assessment evaluating a supplier's management and reporting system, ESG criteria and quality assurance of the materials provided.

Tfs Evaluation

Depending on identified internal risks and thresholds, specific suppliers will additionally be asked to undergo an EcoVadis assessment or Tfs audit under the framework of the Together for Sustainability initiative.

1. Can refer to assessments or re-assessments.

EXTRACTION OF RAW MATERIALS AND RELATED PAYMENTS TO GOVERNMENTS

As part of the new transparency obligations of the Swiss Code of Obligation Art. 964d-1¹, companies active in the extraction of raw materials (minerals, oil, gas, timber from primary forests) are required to disclose on payments to government authorities of CHF 100'000 or more. In 2022, Sika extracted Dolomite and Limestone in its two owned quarries operated by KVK Parabit a.s. (Czech Republic). In total, 567'517 tons have been extracted. Extraction fees payments of TCHF 94 have been made to government authorities.

CONFLICT MINERALS

Sika is active in 101 countries and collaborates with more than 15,000 direct material suppliers. In 2022, Sika has done a global review of various regulations and their corresponding thresholds relating to due diligence of conflict minerals or metals (tin, tungsten, tantalum, gold)². Sika's Global Procurement department carried out 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 the responsibility to answer inquiries about the use of materials and products containing potential conflict minerals.

SUPPLIER ENGAGEMENT

As part of Sika's supplier engagement processes, several strategic sustainability meetings were organized with tier 1 suppliers across the supply chain in 2022. These meetings were led by the Chief Innovation and Sustainability Officer and Head of Procurement. The discussions were focused on climate-related strategies, carbon footprint impact at raw material level, and related reduction levers. The meetings fostered discussions on reducing emissions effectively and paved the way for increased collaborations to introduce sustainable raw materials and products. Moreover, since February 2020, Sika has been an active member of TfS, an initiative that improves the sustainability performance of chemical companies and their suppliers.

1 Entered into force in January 2021 and with a first mandatory reporting in 2022.

2 Sika has done a review of applicable regulations and their corresponding thresholds. Sika considered the new requirements of the Swiss Code of Obligation Art. 964j, k, l, and Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) that are applicable as of in January 2023 and the Regulation (EU) 2017/821 (Conflict Minerals Regulation).

TOGETHER FOR SUSTAINABILITY (TfS)

Sika learns and exchanges with the other TfS members, actively participating in the improvement of sustainable procurement practices within the chemical industry.

TfS delivers 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. TfS is a global organization with regional members' representation in Asia, North and Latin America. Operating as a unique member-driven organization, the TfS member companies shape the future of the chemical industry together. As of December 2022, the initiative counts 40 member companies.

TfS FRAMEWORK AND PROCESS


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. TfS assessments are carried out by its key partner EcoVadis, a global service provider specialized in sustainability performance assessments. In addition, for its audits, TfS cooperates with experienced expert companies operating globally.

Performance is assessed in management, environment, health and safety, labor and human rights, and ethical corporate governance issues. The measures then introduced are reviewed via reassessments or audits. Follow-up monitoring and subsequent supplier management are the responsibility of the individual member companies. An online platform is used to make the results available to all members of the initiative.

Sika closely cooperates with the other members of the initiative, and the initiative enables Sika to ensure that global sustainability standards are met by suppliers through the following activities:

- All potential suppliers are required to complete an EcoVadis sustainability assessment. In addition, Sika has access to all EcoVadis assessments of its suppliers which have been acquired both by Sika and by other TfS members. This provides transparency on sustainability activities and contributions within the supply chain, allowing Sika to initiate and achieve measurable improvements.
- Global Procurement has 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 through 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 conducts a self-defined annual target of EcoVadis assessments and TfS audits of its suppliers.
- Sika participates in three of five workstreams: WS1 Governance and Partnership, WS3 TfS Audits, WS5 GHG Emissions.

TfS WORKSTREAMS

- The WS1 Governance and Partnership focuses efforts on the overall scope and growth of the TfS initiative, promotes co-operation with other chemical associations and sustainability organizations, updates the TfS KPIs and governance, and initiates best practice sharing.
- WS2 assessments and 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 carried out by approved third-party auditors who meet the required standards and evaluate the future progress and potential of Supplier Sustainability Audits.
- The WS4 Capacity Building and Communication supports members in driving supplier development and work closely on further enhancing the TfS Academy.
- 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 September 2022, TfS launched the  **Product Carbon Footprint Guideline**, a harmonized way (cradle to gate) to calculate, monitor and reduce emissions. This Guideline is applicable to all companies using chemical materials, is open-source and can be downloaded from the TfS website. For more information, please see the "Planet" chapter, on p.85 of the Sustainability Report 2022.

TfS ACADEMY

In March 2022, the TfS initiative launched the TfS Academy – the capability-building hub for TfS members, their procurement teams, and suppliers. With over 315 courses across nine languages (by the end of 2022), the Academy provides knowledge about the most pertinent and trending sustainability procurement topics: Health and Safety, Environment, Sustainable Procurement, Labor and Human Rights, Management, and Governance. Sika is developing a formal plan to fully leverage the TfS Academy for 2023 both internally and with its supplier network. The Academy will also promote learning and help improve on standards within the supply chain.

ECOVADIS ACADEMY

Launched in 2021, the EcoVadis Academy courses are designed to support suppliers carrying out the EcoVadis assessment under the TfS framework and improve their sustainability management practices. The course material covers policies, actions, and reporting across four topics – sustainability, procurement, compliance, and communication – and broader themes such as training, certification, and risk management. Sika encourages suppliers to utilize the available resource when conducting their corrective actions and key improvements.

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

Sika Innovation Day 2022

The event focused on how innovation can be integrated into traditional and digital Sika products, networking with customers, marketing technology e-commerce, optimized processes, and automation.

Sika Sand App

It is an analytical device which provides information about sand particle size distribution. It is a step towards automated quality analysis of available sand and finding solutions using available sand without performance loss.

KEY FIGURES

change vs 2021

Investments in rationalization, efficiency improvements, and digitalization (in CHF mn)

62

+50.4%

Number of data breaches

0

-/+0.0



“Customer First is a value engrained in Sika’s DNA, and it is our goal to ensure that this value extends to all forms of interaction with our customers. This is why we are increasing our focus on developing additional paths to serve our customers and on leveraging the many possibilities offered via digital technology.”

Philippe Jost
Head Construction

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 is a radical leap in development with implications for all walks of life. The rise in digital networking is not only leading to exponential growth in communication possibilities, 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 approaches to the market, while at the same time including their employees, customers, and business partners in the transformation process. Thanks to Sika's determination to press ahead with digitalization, the company succeeded in integrating these opportunities in its growth trajectory and has benefited from the surge in demand in e-commerce. In 2022, Sika invested CHF 62 million (2021: CHF 41 million) in rationalization, efficiency improvements and digitalization.

VISION AND STRATEGY

The company'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 a new business model. The second involves using digital technologies to drive down costs and increase productivity in manufacturing. The third is about differentiating on the market, staying relevant for customers and growing by transferring offline strength to digital. The latter drives growth, adoption and collaboration by leveraging Sika's decentralized organization. These pillars are put into practice via five digital building blocks:

- Customer Centricity offers consistent and relevant experience, listening, and improving transparency for the customer. Examples include: customer centric channels and communication; customer specific apps (e.g., in concrete quality management), customer segments and insights, ease of doing business with Sika by providing customer specific portals.

- Operational Efficiency realizes efficient and effective business processes based on data and innovative technology. Examples include: smart logistic and warehousing, supply chain planning, manufacturing technologies, shop floor automation with integration in the ERP, and vertical integration of information.
- New Business Models and Innovation leverages new business opportunities with technology. Examples include: integration into BIM ecosystem, 3D concrete printing, smart IoT connected membranes, and a new 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 digital and innovation, digital learning, translation automation, and effective approval and collaboration workflows supported by apps.
- IT Excellence evaluates, implements, and promotes the use of standardized modern core IT platforms (e.g., SAP S/4) that 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.

GOVERNANCE

The Sika Global Digitalization 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, and diversify and improve customers engagement channels. The Board is composed of the CEO, CFO, Regional Manager EMEA, Regional Manager Americas, Head Construction, Chief Innovation and Sustainability Officer and the Head of IT Sika Group.

SIKA GLOBAL DIGITALIZATION BOARD

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

Customer
Centricity

Operational
Excellence

New Business
Models & Innovation

Effective
Knowledge Worker

IT
Excellence

The Board is mandated to transfer Sika's strength from analog to digital, enabling each digital workstream 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 teams that drive the activities in the five digital building blocks. In 2022, the Global Digitalization Board met three times and discussed the following topics:

- New digital applications (like a new digital laboratory platform, a new global risk management platform to manage occupational risks and internal audits, a new customer experience management platform to enable automated data exchange, and a new Buy Now application to direct customers to the right point of sales).
- Replacement of end-of-life applications with new cloud solutions (e.g., new global labeling solution, new Product Information Management (PIM) system, new Digital Asset Management (DAM) system).
- Digital organizational topics (e.g., implementation of a Global Process Owner organization, renewal of the Data Owner organization).

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 considered to be amongst the top risks in Sika's Enterprise Risk Management framework. These risks are regularly assessed by the BoD. The CFO is responsible for the risk management in cybersecurity, supported by the Head of IT Sika Group. For more information, please see the "Risk Management and TCFD Recommendations" chapter on p.25 of the Annual Report 2022.

The execution of Sika's Cybersecurity Strategy is assigned to the corporate team of IT Governance, Risks and Security (GRS). Corporate IT Security functions, which are part of GRS team, ensure that Sika employs the necessary processes, frameworks, and policies, and that IT Security aspects are effectively implemented.

A dedicated and highly professional Cyber Defense Team (CDT), which is part of IT Governance, Risk and Security team – is in place to continuously monitor and improve Sika's security posture by preventing, detecting, analyzing, and responding to cybersecurity incidents worldwide. This includes tooling, processes, and people. CDT defends against security breaches based on newest industry relevant threat intelligence, and actively participates in the 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;
- Regular training of the Sika workforce on developments in cyber risks and the correct way to counter these risks.

In 2022, 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, following a Red Teaming exercise conducted in 2021, a Purple Teaming exercise was organized during the reporting year. Such tests 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

The business and IT continuity (disaster recovery) are addressed in the Sika Cyber Crisis Management, which includes the IT contingency planning and incident response procedures. The responsibility for severe security incident preparation lies with each Sika company. Since the IT contingency plan is managed by a local Sika company, the disaster recovery tests are carried out locally and performed at least once per year. The same applies to the procedures for the cyber crisis handling, which is set forth in the cyber incident management framework.

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.

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 an adequate protection and the accuracy of the personal data on file. The Data Protection Policy is closely aligned with widely accepted international standards. It is reviewed regularly and updated if necessary to meet business needs, changes in technology, or regulatory requirements.

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 (serious) Incident Breach cases, coordinating Supervisory Authorities investigations, and monitoring the adequacy of Group technical and organizations measures (TOMs). A Group Data Protection Manager who coordinates the implementation of the Group Privacy Program supports (as Corporate Contact Person) 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 Data Protection Manager also manages the Privacy Portal (as Data Processor), provides guidance and 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, notably 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 responsible 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 are forwarded to 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). In case this is 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 has to be documented, and mitigation actions to prevent future similar breaches need to be documented

and implemented. The DP Group Manager supervises the implementation and documentation of the mitigation measures. In 2022, 100% of Sika's General Managers confirmed – by means of the annual Compliance Confirmation – that no data breaches concerning the loss of personal data occurred.

TRAINING

- Data Privacy Awareness Training: E-learning for all non-EU and non-adequate/comparable GDPR countries with or without a dedicated data protection regulation. Will be distributed to all employees as part of the data protection awareness campaign.
- General Data Protection Regulation (GDPR) e-learning: Mandatory e-learning for all EU employees with an email address, covering GDPR specific data protection topics.
- Data Protection Essentials Training: Additional e-learning available in English, which includes the basis 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.

DIGITALIZATION IN SIKA OPERATIONS

Operational efficiency is one of the pillars of the Sika Growth Strategy. In all manufacturing sites, digitalization of processes and data management plays a fundamental role to further develop and optimize Sika operations. However, examples of operational efficiency can be found in all functions or areas of the business where Sika incurs in expenses through its normal business operations (opex), including e.g., Procurement, R&D, HR, Finance, Sales and Marketing.

GOVERNANCE

The digital Operational Excellence team that reports directly to the Global Digitalization Board works closely with regional business teams who coordinate the implementation of digital solutions across business functions. For 2023, Sika will appoint a team of Global Process Owners (GPOs) for the main core business processes, which will report directly to the CFO. This team will provide guidance to the existing regional Process Owner organization. The GPOs will be responsible for design, simplify, harmonize, and protect Sika's end-to-end business processes based on a best demonstrated practice template. They will also support the implementation of innovation and digitalization into Sika's core process platforms to increase both, efficiency and transparency for the business.

INITIATIVES FOR OPERATIONAL EFFICIENCY

Alongside digitalization, automation has also provided a powerful boost. An increasing number of processes, decisions, functions, and systems can now be transferred to algorithms and robots. Machines are taking over certain activities traditionally carried out by humans, and are therefore either already dramatically changing the world of work in many sectors or will do so in the future. Sika has implemented several initiatives in different areas to promote efficiency in its operations:

- Smart logistic and warehousing: An investment was approved to automate the new warehouse and distribution center in Ohio, USA, which is currently under construction. In this pilot project, Sika will use autonomous forklifts (VNA and AGV) 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 as well as manless material transportation. In addition, Sika is implementing the SAP 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.
- Supply chain planning: Sika is in the process of developing and implementing Integrated Business Planning (IBP) (SAP) as a tool to optimize sales and operation (S&OP) planning processes and inventory in all warehouses.
- Manufacturing technologies: The company continuously invests in solutions to automate manual processes and automation projects. One example is robot arms, which eliminate the manual process of stacking drums, bags, cans, and others into boxes and on pallets. In addition, the company gradually enhances the efficiency and improves the ergonomics of its machines. For instance, some machines can reduce or eliminate heavy lifting, turning/twisting motions that may put stress on the body and lead to injuries (back hurting, tennis arm, etc.) at the workplace, contributing to a safer work environment.
- Vertical integration of information: By using Manufacturing Execution Systems (MES) and enhancing digital manufacturing platforms, Sika keeps its core platforms integrated with production equipment to push paperless order information and receive real-time information about production 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. Nonetheless, as of today, the AI topic is not material for Sika or the specialty chemicals sector.

TRAINING

At global level, the topic of Operational Efficiency will be addressed in the various trainings and workshop organized within the Sika Operations Academy, which will start again on a regular basis from 2023. On a regional and country level, the organization allows for local decision-making on the content and frequency of trainings. One example is the General Managers program 2022 organized by the global Business School, which dedicated a masterclass to the topic of operational efficiency. For more information on professional skills trainings and sika academies please see the “People” chapter, “Human Capital Development” section on p.73 of the Sustainability Report 2022.

DIGITALIZATION FOR IMPROVED CUSTOMER EXPERIENCE

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.

In order 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 to “Learn and Develop”. Understanding that customers want seamless learning and development opportunities via digital channels, Sika provides these opportunities in different platforms:

- The first platform is composed of “Knowledge Articles” on the website, where customers can learn more about specific solutions or technologies.
- The second platform is made up of webinars, where customers have the opportunity to deep dive in various relevant topics.
- The third platform is the “Sika Knowledge Center”, an online portal where customers can visit courses and earn certificates and, depending on the case, accumulate further education credits.

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 different needs of its 100+ subsidiaries 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.

DIGITALIZATION OF SIKA PRODUCTS AND SOLUTIONS

Sika leverages digital technology to optimize or enhance processes related to the use and life cycle of its products and solutions. One example of optimization at Sika is the range of calculation software available to its customers. These tools allow for more speed in the selection of Sika products, hence 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 in need of repair, refilling or at a breaking point. These tools allow customers to better manage the life cycle of a project and optimize processes during application.

Each Target Market analyzes how digital technology can improve or enhance customers' experience and develops solutions accordingly. For Target Market Concrete, the range of solutions covers the entire value chain, from raw materials analysis to concrete mixing and in transit quality control. 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 capable of supplying all of the technologies required for industrial 3D concrete printing from a single 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 a 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. Sika covers all activities required for the complete digitalization of the construction industry, including design, processes and operations, additive materials, and connected devices.

Moreover, Sika developed its cooperation with CiDRA Concrete Systems Inc. in the USA, 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. CiDRA Concrete Systems is a market leader in

digital monitoring and information systems for concrete loads in trucks. 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 supports not only efficiency and growth, but also Sika's sustainability agenda. In 2021, Sika developed the Sika Sand App, a highly innovative digital solution for fast sand analysis. Sand has become a scarce resource and good sand analytics are becoming increasingly important. The Sika Sand App is an analytical device and provides information about sand particle size distribution. It is a positive move towards automated quality analysis of sand, and allows customers to find solutions using available, also lower-quality and manufactured, sand without performance loss.

THE SIKA INNOVATION DAY

The Sika Innovation Day took place in September 2022 during the Sika Senior Management Meeting held in Switzerland. The event focused on how innovative solutions in digitalization and automation can be integrated into traditional Sika products, allowing customers to augment their performance. Solutions for automation (such as 3D MESH), digital products (such as the Sika fire protection app), networking with customers (such as the Sika trade show in the metaverse), or optimized processes (such as the 3D Visualizer) were presented. In addition to digitalization and automation, there was a strong focus on innovations related to the topics of sustainability and urbanization.

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 2022

Despite a demanding market environment, Sika performed impressively in 2022, posting sales in excess of CHF 10 billion for the first time in the company's history. This corresponds to a substantial increase of 15.8% in local currencies compared to the previous year.

Higher raw material costs countered by pricing and efficiencies

Year 2022 was marked by high inflation and associated interest rate hikes. By raising prices and generating efficiency gains along the value chain, Sika countered this situation and delivered a record EBIT.

KEY FIGURES

change vs 2021

Sales growth (in CHF mn)

10,491.8
+13.4%

EBIT margin

15.1%
+0.1% points

Distribution of value-added (in CHF mn)

3,321
+8.1%

Tax rate

22.4%
+0.9% points



“Our resilient strategy consistently delivers profitable growth. With the focus on both financial and non-financial aspects, we create sustainable value to all stakeholders.”

Adrian Widmer
Chief Financial Officer

MATERIAL TOPICS

Economic
Performance

Tax
Approach

Risk and Crisis
Management

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 commits to deliver on the strategic pillars of its Strategy 2023 – market penetration, operational efficiency, acquisitions, values – and related targets. For more information on strategic pillars, please see the “Strategic Report”, “Strategy 2023” chapter on p.18 of the Annual Report 2022.

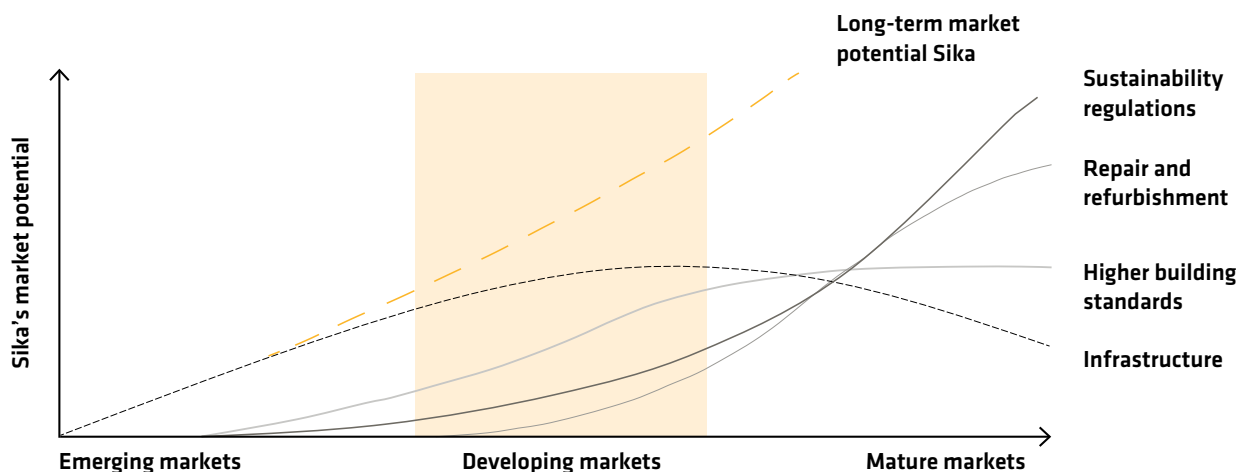
GOALS AND TARGETS

The Strategy 2023 was launched in 2019 and is aligned with Sika’s goal for sustainable and profitable growth. The strategy is organized around six pillars that are not only focused on ambitious financial targets but also on improving the carbon footprint of the company’s operations. Within these six pillars, Sika plans to grow by 6–8% in local currencies per year up to 2023 and to achieve an EBIT margin of 15–18%. For more information, please see the “Strategic Report”, “Strategy 2023” chapter on p.18 of the Annual Report 2022.

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 organizes 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.

SIKA HAS SOLUTIONS FOR ALL MARKETS



Sika evaluates its management approach through a process steered by the BoD. The CEO, as well as the CFO, report to the BoD in writing on the development of business at least once a month. A monthly management package on the financial performance is shared with Group Management and the BoD to provide an update on the company. In addition, nine Group Management and ten 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.166.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

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 (📌 **Table 01: Direct Economic Value Generated and Distributed**, in the "Key Performance Indicators" section at the end of this chapter). For more information, please see the "Strategic Report", "Business Environment" chapter on p.13 of the Annual Report 2022, and the "Financial Report", "Consolidated Financial Statements" chapter on p.202 of the Annual Report 2022.

FINANCIAL RESOURCES

Sika's high cash generation results in moderate debt levels and a solid balance sheet. The strong deleveraging profile supports a strong credit rating which in turn gives Sika good access to the capital markets. The reliable cash generation enables consistent investments in future growth. For example, in R&D, expansion of geographical production footprint to fully capture market potential, bolt-on acquisitions, or training and development of employees. In addition to finance 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. In November 2022, Sika successfully placed a bond in the Swiss market with a total amount of CHF 600 million through a triple tranche. The trust the capital markets place in the sustainable growth of Sika, was demonstrated through the strong demand for this bond placement. For more information, please see the "Strategic Report", "Business Environment" chapter on p.13 of the Annual Report 2022, and the "Financial Report", "Consolidated Financial Statements" chapter on p.202 of the Annual Report 2022.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

In 2022, Sika received CHF 1.5 million (previous year: CHF 1.6 million) government subsidies for employment relationship, for instance through short-time work compensation programs. The company also received CHF 6.6 million of government support (previous year: CHF 6.5 million) through specific grants. Please see Note 4 and Note 5 in the "Appendix to the Consolidated Financial Statements" on p.207 of the Annual Report 2022.

MERGER AND ACQUISITIONS FILING

In 2022, one compliance case was filed in Morocco about the violation of administrative procedures for the Parex acquisition because Sika did not file with the anti-trust authorities in Morocco. At that time, this reporting duty was considered not required. Sika contacted the authorities and explained the misunderstanding. The fine was paid and the case is closed.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

REVENUES in CHF mn

10,492

DISTRIBUTION OF VALUE ADDED

3,321

6,806

Non-liquidity-related expenses

365

Payments to governments

390

Intermediate inputs

1,711

Employee wages and benefits

503

Payments to lenders and shareholders

Economic value retained: CHF 717 mn

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 2022 Compliance 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 101 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, assets, 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 and does not use complex structures or offshore havens to minimize its tax liabilities. Sika does not adopt tax schemes based on form without commercial substance. Sika does not use offshore entities that lack business purpose and substance. Sika does not 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 2022, the income tax rate amounted to 22.4%, thereby increasing compared to the level of the previous year of 21.5%. On average, Sika tax rate is stable showing the company's reliability as a taxpayer (📌 **Table 02: Tax Rate**, in the "Key Performance Indicators" section at the end of this chapter).

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 and provides information on internal processes, roles, responsibilities, and decision-making procedures, as well as rights and obligations of various stakeholders. The online reporting, called  **Sika Trust Line**, is operated by an external party and allows for anonymous reporting directly to the attention of Corporate Compliance.

PUBLIC POLICY ADVOCACY ON TAX

For more information, please see the “People” chapter, “Public Policy” section on p.79 of the Sustainability Report 2022.

KEY PERFORMANCE INDICATORS

↑ **TABLE 01: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED**

	2020	2021	2022
Revenues	7,878	9,252	10,492
Intermediate inputs	4,819	5,838	6,806
Non-liquidity-related expenses	341	342	365
Distribution of value added	2,718	3,072	3,321
Employee wages and benefits	1,528	1,637	1,711
Payments to governments	280	331	390
Payments to lenders and shareholders	360	410	503
Economic value retained	550	694	717

↑ **TABLE 02: TAX RATE**

	2020	2021	2022
Tax rate (%)	22.2	21.5	22.4

METHODOLOGICAL NOTE

GRI 2-2

REPORTING STANDARDS

The Sika Sustainability Report 2022 is part of the Sika corporate reporting package. The Sika Group has reported the information cited in the Sustainability Report 2022 for the period 1.1.2022–12.31.2022 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 1.1.2022–12.31.2022 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 2022 also complies with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which are described in more detail in the "Risk Management and TCFD Recommendations" chapter on p.25 of the Annual Report 2022, and in a dedicated [TCFD report 2022](#) available in the download center of the corporate website.

REPORTING REGULATIONS

- New Swiss non-financial reporting requirements will enter into force in January 2023¹ under the Swiss Code of Obligation Art. 964j, k, l and Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO). Information related to child labor is available in the "People" chapter, "Human Rights" section on p.64 of the Sustainability Report 2022. Information related to conflict minerals and metals is available in the "Procurement" chapter, "Responsible Procurement" section on p.135 of the Sustainability Report 2022.

¹ With a first mandatory reporting in 2024.

² Entered into force in January 2021 and with a first mandatory reporting in 2022.

- Information related to the new transparency obligations of the Swiss Code of Obligation Art. 964d-i² for companies active in the extraction of raw materials (minerals, oil, gas, timber from primary forests) is available in the chapter "Procurement", "Responsible Procurement" section on p.135 of the Sustainability Report 2022.
- Sika will need to disclose information and KPIs in accordance with the Corporate Sustainability Reporting Directive (CSRD) from business year 2025, with first mandatory reporting in 2026. Sika Group will comply with the European Sustainability Reporting Standard (ESRS) developed by EFRAG (European Financial Reporting Advisory Group).
- The EU Taxonomy duties will affect Sika as a consequence of the CSRD. Therefore, Sika has kicked-off the "EU Taxonomy" project in 2022. The company 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.

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.211 of the Annual Report 2022. In the year under review, the scope of consolidation of the Sustainability reporting was expanded to include:

- The acquired companies Sable Marco Inc. (Canada) and United Gilsonite Laboratories, Inc. (USA)
- The newly founded companies Sika Davco (Chongqing) New Materials Co., Ltd., (China) and Sika Davco (Dezhou) New Materials Co., Ltd., (China).

More information on these acquisitions and expansions is available in the "Financial Report" on p.201 of the Annual Report 2022. 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 Appendix to the Consolidated Financial Statements on p.251 of the Annual Report 2022.

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.

DATA COLLECTION AND REPORTING METHODOLOGIES

Sustainability Performance Indicators disclosed in Sika Sustainability Report 2022 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.
- All Social Performance Indicators (KPIs) are reported annually at company level, except training, which is reported quarterly.
- Community Engagement indicators are reported quarterly at company level.
- The Japan Automotive business has been reallocated from the region Global Business to the Asia/Pacific region in 2022. The prior years have been restated accordingly in the “Planet” chapter and in the “Labor Management” and “Diversity and Inclusion” sections of the “People” chapter.
- In 2022, Sika 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.
- Acquisitions and scope changes that occurred in 2019, 2020, 2021 and 2022 did not lead to a restatement of the environmental indicators disclosed in the “Planet” chapter.
- 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 Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard. According to the same guidelines, CO₂ equivalent (CO₂eq) 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.
- In 2022, Sika updated the sources of emission factors used for the calculation of scope 1 and 2 emissions. Scope 1 emissions factors have been changed from BAFU (Swiss Federal Office of Environment) to BEIS/Defra. Scope 2 market-based emission factors have been updated to consider the electricity countries’ residual mixes when available, such as AIB 2020 European Residual Mixes (applied to European locations) and 2021 Green-e Residual Mix Emissions Rates (applied to US locations). Scope 1 and 2 emissions from 2019, 2020 and 2021 have not been restated accordingly.
- 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, Sika updated the conversion factors related to primary energy from m3 to GJ to reflect the gross CV (calorific value) based on BEIS/Defra recommendations. All energy-related data from 2019, 2020 and 2021 have been restated accordingly.
- In 2022, fugitive emissions related to refrigerant gases have been added to the scope 1 inventory as per the Greenhouse Gas Protocol. These emissions are calculated based on BEIS/Defra 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, scope 1 and 2 emissions related to Sika Corporate Services companies in Switzerland have been reported separately (9 tons of CO₂eq). 2019, 2020 and 2021 have not been restated accordingly.
- In 2022, district heating has been added to the company scope 2 inventory as per the Greenhouse Gas Protocol. These emissions are calculated based on BEIS/Defra, 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.
- In 2022, alongside the emissions related to the combustion process of Sika fuel and gas consumption:
 - The VOC reporting has been extended to include emissions from the petrochemical materials and related processes.
 - The dust reporting has been extended to include the emissions from the mortar production.
 - 2020- and 2021-related data have not been restated accordingly.
- In 2022, rainwater has been 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.
- In 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 2022 for dedicated indicators and KPIs.

Independent practitioner's limited assurance report

on selected Sustainability Indicators contained within Sika's Sustainability Report 2022 to the Board of Directors of Sika AG

Baar

We have been engaged by the Board of Directors to perform assurance procedures to provide limited assurance on selected Sustainability Indicators of Sika AG and its consolidated subsidiaries (hereinafter "Sika") contained within Sika AG's Sustainability Report 2022 (including the GHG reporting) for the period from 1 January 2022 to 31 December 2022 (hereinafter "Sika's Sustainability Report").

Scope and subject matter

The following selected Sustainability Indicators contained within Sika's Sustainability Report were subject to our limited assurance engagement ("Selected Indicators") and represent the subject matter information:

- Scope 1 (tons of CO₂eq) on page 108;
- Scope 2 – Market-based (tons of CO₂eq) and Scope 2 – Location-based (tons of CO₂eq) on page 108;
- GHG emissions intensity (kg CO₂eq) per ton sold on page 108;
- Scope 3 GHG emissions on page 92;
- Breakdown of energy consumption per source (TJ) on page 94;
- Energy intensity per ton sold (MJ per ton sold) on page 109;
- Purchased renewable electricity rate on page 110;
- Water consumption per ton sold (m³) on page 110;
- Total Waste generated (tons) and Waste intensity (kg per ton sold) on page 111;
- Recycling rate (%) on page 111;
- Number of lost time accidents (LTA) (No.) of Sika employees on page 59 and Number of lost time accidents (LTA) (No.) of contractors on page 60;
- LTA rate per 1'000 FTEs on page 59;
- Lost Time Injury Frequency Rate (LTIFR) per 200'000 hours on page 59;
- Number of fatalities of Sika employees on page 59 and Number of fatalities of contractors on page 60;
- Community engagement projects (No.) on page 78; and
- Volunteering days of employees (Days) on page 78.

Our limited assurance engagement does not conclude 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 Selected Indicators in Sika's Sustainability Report were evaluated against the criteria described in Sika's Sustainability Report.

The 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 described within Sika's Sustainability Report, in

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the Methodological Note on pages 154 and 155 and in the Scope 3 Methodology available on Sika AG's website (the "suitable Criteria").

Inherent limitations

The accuracy and completeness of the 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 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the Selected Indicators contained within Sika's Sustainability Report 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 described within Sika's Sustainability Report in the Methodological Note and in the Scope 3 Methodology for relevant definitions and procedures on the Selected Indicators.

Group Management's responsibility

The Group Management of Sika AG is responsible for preparing the Selected Indicators contained within Sika's Sustainability Report in accordance with the suitable Criteria described within Sika's Sustainability Report 2022. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation of the 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 described within Sika's Sustainability Report and adequate record keeping.

Independence and quality management

We are independent of Sika AG and its consolidated subsidiaries 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 a limited assurance engagement and to express a conclusion on the 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 engagements 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, to obtain limited assurance, we plan and perform our procedures whether anything has come to our attention that causes us to believe that the 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 described within Sika's Sustainability Report.

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 with a reasonable assurance engagement.

We performed the following procedures, among others:

- Inquiries of the relevant stakeholders for the Selected Indicators in Sika's Sustainability Report (including the GHG reporting);
- On-Site visits for selected Sika sites in USA, China, Singapore, Romania, Poland, Germany, Italy, Austria, Egypt and Switzerland. 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 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) for the period from 1 January 2022 to 31 December 2022 are not prepared, in all material respects, in accordance with the suitable Criteria described within Sika's Sustainability Report 2022.

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 Selected Indicators contained within Sika's Sustainability Report 2022 (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 Selected Indicators in Sika's Sustainability Report 2022, 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

Zurich, 14 February 2023

The maintenance and integrity of Sika AG's website and its content are the responsibility of the Group Management of Sika AG; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of Sika AG's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) or suitable Criteria described within Sika's Sustainability Report since they were initially presented on the website.