

SIKA BUSINESS YEAR 2019

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BUILDING TRUST



SUSTAINABILITY REPORT

ENHANCING CUSTOMER VALUE, REDUCING ENVIRONMENTAL IMPACTS,
AND ASSUMING SOCIAL RESPONSIBILITY

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

SIKA'S SUSTAINABILITY STRATEGY

The revision and further development of the 2014–2018 Sustainability Strategy has been the priority during the year under review. Taking into account the results of the materiality analysis conducted in 2018 and the development of the Sika Growth Strategy 2023, the Sustainability Strategy now includes the new focus area "Climate Performance" with specific targets on the reduction of CO₂ emissions, the use of electricity from renewable sources and recycling of waste. In addition, community engagement now encompasses targets referring to volunteering activities and number of beneficiaries.

With its newly defined sustainability targets, Sika's priority will be to minimize resource consumption and the environmental impact of its production process. In particular, Sika's overriding goal is to reduce CO₂ emissions per ton sold by 12.0% until 2023. The sustainability related performance of the year 2019 is going to be the baseline for the Sustainability Strategy 2023. More details are available on <https://www.sika.com/en/about-us/sustainability/sika-sustainability-strategy.html>

MANAGEMENT AND ORGANIZATION

The further development and the implementation of the Sustainability Strategy has been assigned to the department "Sustainability and Operations Technology" (S&OT). This department encompasses Product Sustainability, Environment, Health and Safety (EHS), as well as Factory KPI Reporting. Other areas of S&OT are Quality Assurance, Risk Management, and Operations Technology. The Sustainability Strategy is implemented and anchored locally by the line organization. A particular degree of responsibility lies with the General Managers, Target Market Managers, R&D Managers, and Operations Managers, who drive the development and implementation of local action plans.

The existing network of local and regional EHS and sustainability resources supports Sika companies in ideation, planning, and implementation of higher-level regional measures. In 2019, a world-wide EHS network was established, including regional and area representatives.

Sika established a Sustainability Advisory Board (SAB) in 2016. An independent expert opinion aims to provide Sika management with additional guidance regarding the direction and implementation of Sika's Sustainability Strategy. In 2019, the SAB met twice, in June and in November. The focus topics concentrated on the target areas "climate change" and "occupational health and safety" (June), and on "process optimization" (November). In June, Prof. Dr. David N. Bresch, Professor for Weather and Climate Risks at ETH Zurich (Swiss Federal Institute of Technology) presented the new Swiss climate scenarios. In November, the SAB met at the department of materials at the ETH. Jan Vermant, Professor for Soft Materials, presented ideas about process intensification in industrial manufacturing, potentially applicable within Sika's production processes. By the end of 2019, Sika also set up an internal Sustainability Committee to steer and coordinate initiatives to achieve sustainability targets and monitor proper implementation of the Sustainability Strategy throughout the Group.

ECONOMICAL: PERFORMANCE

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE

The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The task force structured its recommendations around four themes that represent key aspects of how organizations operate: governance, strategy, risk management, and metrics and targets. In the year under review, Sika started to address the recommendations, and to integrate them into the reporting structure.

GOVERNANCE

The Corporate Governance Report as part of the Annual Report describes how the Group Management and the Board of Directors manage sustainability and climate-related aspects. Both the external Sustainability Advisory Board and the internal Sika Sustainability Committee ensure that climate-related aspects are adequately considered in the Group's strategy and operations. The task of the internal Sika Sustainability Committee is to prepare the decision-making of the Group Management. Climate-related risks are identified via the Sustainability and Operations Technology Manager, and the Compliance and Risk Management divisions. Information on specific climate-related risks is collected on regional level and consolidated on corporate level aligned with the overall strategy. Here, the external Sustainability Advisory Board gives recommendations for the agenda setting on global level. Locally, climate-related risks are assessed and evaluated by EHS and Operations Managers in collaboration with General Managers who are reporting to Area

Managers. An Area Manager reports to the Regional Manager. The Regional Manager is part of the Sika Group Management.

STRATEGY

The Sika Strategy 2023 is closely aligned with the Sustainability Strategy. The overall goal is to reduce the CO₂ emissions by 12.0% by 2023. Climate Performance is one of the target areas of this strategy. In the year under review, the Sustainability and Operations Technology team started to assure that climate transition risks in future will be part of the Sika Risk Management. The focus in 2019 was the further development of the Sika Sustainability Strategy, the definition of "Climate Performance" as target area, and the development of a greenhouse gas emissions reduction plan; climate risks and opportunities will be defined in 2020. In this context, it's the ambition of Sika to increase the coverage of scope 3 emissions. Furthermore, the company will start to identify the climate-relevant risks at operation level, and will then consider transition and physical risks along its value chain.

Furthermore, in the year under review as part of the Sustainability Strategy 2023, Sika has started the development of a Sustainable Portfolio Management (SPM) methodology. This methodology will be used to assess sustainability-related risks and opportunities of product-technology combinations in defined market segments in which Sika is active, with a focus on the long term. This will lead to a deeper understanding of the sustainability performance of Sika products and solutions portfolio, focusing on new developments.

RISK MANAGEMENT

The risk management process, the main risks, and the process used to rank them are described in the "Risk Management" chapter. Climate-related risks, being long-term financial risks, in future will be embedded into the Group risk management. This implies that climate-related risks are considered in the analysis process when setting up a new factor.

METRICS AND TARGETS

The target areas of the new Sika Sustainability Strategy are Sustainable Solutions, Climate Performance, Community Engagement, Water/Waste, Energy and Occupational Health and Safety. The strategic objectives used to drive sustainable value creation are described in the Sika Sustainability Strategy "More Value – Less Impact".

With the Sustainability Strategy 2023 Sika has set the target to reduce CO₂ emissions per ton sold by 12.0% by 2023 by improving its energy efficiency and energy mix and by investing in clean technologies. Greenhouse gas Scope 1 and Scope 2 emissions are fully reported. The scope of emissions reporting is consistent with financial reporting. Scope 3 emissions related to upstream activities are disclosed only partly, currently covering business travel and leased vehicles. Other scope 3 emissions that occur in the value chain, related to purchased goods, transportation and distribution, waste disposal, employee commuting, processing and use of sold products are quantitatively assessed on product level and potential meaningful impacts have

been identified but not fully quantified on company level, and are therefore not disclosed. Sika aims to increase the coverage of indirect upstream and downstream emissions that occur in the value chain (scope 3 emissions).

Sika solutions are designed to enable customers to reduce emissions in the respective applications and during the lifetime of the building or vehicle.

STANDARDS AND COMPLIANCE

Sika has a Group-wide, culturally well established and integrated Compliance Management System (CMS). The Group pursues a holistic approach to compliance and engages the whole organization throughout hierarchies, functions, and geographical areas. In 2019, Sika's focus has been on the following CMS initiatives:

STRENGTHENING OF THE SIKA COMPLIANCE ORGANIZATION

In June 2019, the Group Compliance Officer – while remaining Head of the Group Compliance Organization – was also appointed Head of Corporate Human Resources (HR). Merging the two positions of Head HR and Head Compliance into one allows the HR and Compliance functions to cooperate very closely, which in turn helps promote strong ethical leadership and a culture of integrity across the Group. A Senior Compliance Manager joined the Group in September 2019, assuming the role of Sika's Deputy Group Compliance Officer. Two additional positions fully assigned to the Corporate Compliance team were created in October.

GLOBAL AWARENESS-RAISING CAMPAIGN

The rollout of the Global Awareness-Raising Campaign on Compliance, which started in 2016, was completed in 2019. Overall, a total of more than 21,000 Sika employees in more than 100 countries were trained on the Sika Code of Conduct (CoC) and on how to use the Sika Trust Line, the internal digital platform allowing Sika employees to report suspected CoC violations and other serious misconduct. More than 4,000 Parex employees were also trained after merging with the Sika Group in 2019.

COMPLIANCE CULTURE

In 2019, Sika launched the first global Sika Employee Survey, with the objective to measure the engagement level of employees, to identify strengths and improvement potential. More than 14,600 colleagues from all over the world participated in the survey, with an overall response rate of 78.0%. The survey confirmed that Sika's strong corporate values represent the foundation of the unique corporate culture. It underscored that these values are broadly practiced in the Group, with managers setting the right "tone from the top" and being role models. One question of the survey asked employees whether they feel comfortable speaking up and reporting compliance or ethical concerns to their line manager. Sika's excellent score of 80 index points out of 100 (0 meaning "I don't feel comfortable", 100 meaning "I feel very comfortable") shows that a strong majority of employees have a positive attitude towards internal reporting of misconduct.

COMPLIANCE CASES

In 2019, allegations of misconduct could be substantiated in 19 instances. The analysis of the 2019 compliance cases shows the following:

- Considering the size of the Group, Sika has a very low number of compliance cases.
- Sika's employees continue to be the most effective channel to detect violations.
- Cases primarily resulted in dismissals, confirming Sika's zero tolerance culture and consistency in remediation.

CODE OF CONDUCT

In the year under review, Sika has released an up-to-date version of the CoC and increased the number of CoC translations from 36 to 42, all of which are available on the internal collaboration platform and the Sika intranet.

GRI CONFIRMATION, COMPLIANCE COMMITMENT

Each fiscal year, Sika General Managers (GMs) - by signing the "GRI Confirmation" - confirm their compliance with the CoC and other Corporate Policies and Manuals, and that they have offered adequate information and training to their staff. The annual "GRI Confirmation" campaign gives Sika the assurance that each GM has conducted the business in compliance with applicable laws and internal prescriptions concerning fundamental environmental, anti-corruption, antitrust, and labor laws. Furthermore, by signing the "Compliance Commitment 2020-2021", all General Managers and Sika Senior Managers renewed their pledge to be compliance role models, leading their staff and conducting business with highest integrity and in accordance with the CoC.

COMPLIANCE AUDIT PROGRAM: The draft design of a Compliance Audit Program covering ethical leadership, anti-corruption, antitrust and due diligence of third parties has been finalized and the approval process has been initiated. In 2020, Corporate Compliance will assess the overall implementation of Sika's defined minimum requirements in the identified risk areas and propose a defined audit plan, to be aligned with other Sika assurance functions.

SIKA SUSTAINABILITY ACADEMY

Sustainability has always been part of Sika's identity. The company aims to continually measure and improve sustainable value creation and communicate activities and progress. "More Value - Less Impact" refers to Sika's obligation 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.

In the year under review, regional Sika organizations managed and coordinated local sustainability activities and projects which were planned in the 2016 and 2017 regional Sustainability Academy programs. In 2019, the Sustainability Academy took place from October 14 to October 17 in Madrid, Spain. It was Sika's first climate-neutral event, certified by the climate protection partnership "MyClimate".

The training provided the necessary skills, methods, and practical examples to the responsible people in the countries to develop, coordinate, and implement local activities and projects in

the "More Value - Less Impact" focus areas. 20 participants from 15 different countries in the regions EMEA and Americas were producing roadmaps for implementing the new, revised Sika Sustainability Strategy, targets, principles, and tools. Participant projects in the "More Value - Less Impact" focus areas give insights into local initiatives. The participants visited an NGO and learned how to plan and run Community Engagement projects which included volunteering activities together with the Fundación Gil Gayarre which is committed to the integration of equal opportunities for people with intellectual disabilities. Furthermore, the interaction with a customer and insights into the sustainability journey of Sika Spain rounded off the interdisciplinary academy.

After having concluded the seminar, participants were certified as local Sustainability Champions. Those experts now rely on methods and ways to initiate, manage and drive sustainability projects and engage people in their organizations. The Sika Sustainability Academy 2019 was designed as climate-neutral training. The entire carbon foot printing of the Academy involved calculating and reporting all relevant greenhouse gas emissions. This included mainly the emissions of the flights of the participants to the event, catering and lodging for the participants, and event-specific materials and waste. The total 24.8 tons of CO₂ emissions were compensated (offsetting) in cooperation with "MyClimate". Sika supports a high-quality and gold standard certified project by the installation of photovoltaic cells on the roofs of Ethiopian and Kenyan houses for electricity production. This gives families access to lighting and improves the quality of life within the communities in rural regions of Ethiopia and Kenya.

SUSTAINABLE DEVELOPMENT GOALS

Sika is making a contribution to the UN 2030 Agenda for Sustainable Development, focusing on eight of the 17 goals. Sika's contribution to both the construction and the vehicle industry highly influence these goals: 3 (good health and well-being), 4 (quality education and lifelong learning), 6 (clean water and sanitation), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 11 (sustainable cities and communities), 12 (responsible consumption and production), 13 (climate action).

More detailed information about the integration of the UN Sustainable Development Goals can be found at www.sika.com/sustainability.

INSPECTIONS AND AUDITS

Inspections and audits are core elements of Sika's comprehensive management system. They provide management at Group, regional, and local company level with a regular, independent assessment on whether activities in scope comply with official requirements, as well as with Sika's own internal guidelines, principles, and risk management specifications. The inspections and audits thereby ensure the effectiveness of the relevant processes and controls at Sika.

Audits are performed by various assurance functions across the Group covering quality, environment, safety, health, risk, technology, application, legal and compliance, branding, IT security, suppliers, and products. The results and subsequent corrective actions of these audits are regularly presented to Group Management. Besides those assurance functions, an independent Corporate Internal Audit function, reporting to the Audit Committee of the Board of Directors, validates the effectiveness of internal controls in both legal entity audits and reviews of Group processes and functions. In total, Sika conducted 181 audits, including 22 internal audits, 69 supplier audits, and 14 quality audits in the year under review. Associated improvements were implemented wherever necessary.

To ensure that suppliers also meet the official requirements and labor standards, they are asked to perform self-assessments. Sika also performs supplier audits when required. In the year under review, all new suppliers were assessed according to the vendor evaluation process. Most of these audits are reviewed by safety, quality, or technology experts. This enhances continuous improvements in collaboration with suppliers, including sustainability aspects.

Being a key supplier in the automotive and industrial sectors, Sika is regularly subjected to external audits. These audits are designed to ensure compliance with international labor standards, and quality, environment, safety, and health requirements.

TAX APPROACH

Through its tax principles, internal policies, and actions, Sika is committed to be a "good corporate fiscal citizen" in pursuit of a long-term sustainable tax strategy, while fully and efficiently complying with national and international tax laws and regulations. Sika's tax approach is in line with OECD/G20 guidelines and their general objectives.

By following a business-oriented approach based on functions, assets, and operating risks when determining processes and transactions, Sika has a market-based outcome where a fair amount of taxes is paid in each jurisdiction in which the company operates. The outcome of the business-oriented approach is always checked for its compliance with all applicable laws. Such an approach results in an effective Group tax rate which reflects Sika's global footprint, the decentralized nature of the business, and the Group's successful local operations.

Starting in the 2016 business year, Sika was one of the first companies to submit an annual Country-by-country Report to the Swiss Federal Tax Administration on a voluntary basis. This OECD/G20 standard comprises pertinent information such as profit, taxes paid, and other factors of relevance to taxation per country in which companies are active.

In line with the OECD's intention, the Swiss Federal Tax Administration passes this report on to the tax authorities in the other countries in which Sika is subject to taxation. This demonstrates to these countries that Sika is duly complying with its tax obligations and paying its fair share of tax.

MORE VALUE – LESS IMPACT RESULTS 2019 (OVERVIEW)

Sika takes a long-term perspective on the development of its business. Through its products, systems, and solutions, Sika seeks to generate benefits for stakeholders that outweigh the negative consequences of the production process and resource consumption. An effective strategy, trust in the company, and the dedication of all employees are the pillars of Sika's success. The Sika journey to global leadership is founded on the company's entrepreneurial philosophy and the Sika Spirit, which is a synonym for the strong set of five values and principles that make up the DNA and culture of the company: customer first, courage for innovation, sustainability & integrity, empowerment & respect, and manage for results.

2019 has been a year of transition: The new Sustainability Strategy 2023 was developed and communicated together with the Sika Growth Strategy 2023 on October 3, 2019 in connection with the Capital Markets Day in Zurich. In the year under review, Sika continued to report according to the "More Value – Less Impact" KPI's of the recent years.

Due to the size of the acquired company Parex, the integration had a substantial impact on the monitored KPI's. The 2019 figures include the acquired Parex activities as from June 1 (seven months). The sustainability related performance of the year 2019 is going to be the baseline for the Sustainability Strategy 2023.

The following details relate to all business operations of the Sika Group, including the activities of newly acquired companies, focusing on the core themes of sustainable solutions, community engagement, energy, water/waste, occupational safety, and CO₂ emissions at the more than 300 Sika production sites.

PRODUCT SUSTAINABILITY

In the year under review, the focus was to work on the development of the new Sustainability Strategy 2023, which builds upon the previous strategy and sets new enhanced targets for sustainable solutions. Sika started the ongoing process of developing a Sustainable Portfolio Management (SPM) methodology, a new sustainability assessment methodology which addresses relevant sustainability indicators and which forms part of the official Sika product development process, replacing the existing framework. The methodology will be used to assess sustainability-related risks and opportunities and performance categories of product-technology combinations in the defined market segments where Sika is active, combining both performance and sustainability into a single concept. This will lead to a deeper understanding of the sustainability performance of Sika's product and solutions portfolio, with a focus on new developments. Over the coming years, Sika plans to apply the concept across its product portfolios, to evaluate new product innovations and identify mitigation actions for existing products by reference to innovation priorities, and portfolio actions, and to disclose the progress qualitatively.

On local level, the larger countries in EMEA, Americas and Asia/Pacific further developed and implemented product sustainability roadmap activities in the year under review. As a result of the regional Sustainability Academy programs in the past, the scope of the roadmap activities in the year under review could be extended. The Sustainability Academy programs play an important role in involving additional national subsidiaries and increasing the future number of projects and activities. Examples of local projects can be found at www.sika.com/sustainability.

Customers, as well as stricter building and construction standards, increasingly demand that companies declare the environmental performance or environmental impact of their products in a transparent manner. This calls for sound data and knowledge about the impacts of product manufacturing and application, and of the added value of finished products in their application and use. In 2019, as in the years before, Environmental Product Declaration (EPD) activities in European markets as well as active involvement in association work in Europe have been key activities for Sika. Sika's existing EPD reference database for its products and systems has been expanded, focusing on locally produced products such as cementitious mortars and floors. Providing information on the environmental performance of Sika solutions improves the customers' basis for decision-making when it comes to product selection.

With the comprehensive product portfolio and the know-how built up over the years, more and more local Sika companies are involved in projects according to international green building schemes. Such schemes include the US Green Building Council's LEED program, the British Research Establishment's BREEAM scheme and the German Sustainable Building Council's DGNB program. These programs award credits for buildings incorporating products with EPDs, low VOC and odor levels, recycled content and material disclosure, amongst other criteria. In the year under review, the existing LEED product portfolio was broadened and the DGNB guidelines and associated training

documents were developed to support countries in the acquisition of projects. With the increasing number of green building projects in commercial and public construction, the fact that Sika has a product portfolio that contributes to multiple green building requirements means that it is well prepared to assist customers in selecting the best solutions.

More detailed information on how Sika solutions support sustainable construction and help to save energy, raw materials, and water, and reduce CO₂ emissions, while meeting sustainable building standards can be found at www.sika.com/sustainability.

SOCIAL: PEOPLE

COMMUNITY ENGAGEMENT

In 2019, Sika sponsored 148 projects (previous year: 128 projects). This equates to a year-on-year increase of 15.6%. The projects are classified as "social", "ecological", "scientific", and "sports and cultural". They relate to Community Engagement with the purpose to support local neighborhoods.

SOCIAL

The main goals are to support communities in infrastructure development for social projects, to promote education and training for children and young adults, and to run water related and environmental projects to respond to the climate change. Sika also seeks to promote on-the-ground self-help. Sika endeavors to provide intelligent support for projects through the application of company-specific expertise, voluntary work by its employees, and long-term collaboration with partners.

Support of children and young people: Projects sponsored by Sika in the year under review include initiatives such as the continued collaboration with the non-profit organization Operation Smile in Vietnam and Thailand. Sika has supported the activities of Operation Smile in Vietnam since 2010, and in Thailand since 2014. Thanks to the assistance of committed volunteers, the organization has, since 1989, arranged surgery for some 240,000 children and youths with cleft lips and palates or similar facial disfigurements. Likewise, in 2019 Sika continued the support of children's homes throughout the world.

Education and schooling: Another focus is to support schools. In China, Sika supports the Library Project, a nationwide initiative to sponsor libraries in public schools. Between 2015 and 2019 the Sika team helped to create reading rooms and corners in 86 schools, donating more than 70,000 books and providing comfortable and safer learning environments for more than 18,000 children. In 2019, Sika also continued its support of a new school for girls and young women in Madagascar. Sika Tanzania is supporting "ProjEkt Inspire", a youth-related initiative, aimed at opening career options to younger generations.

Improving the lives of people with disabilities: In the year under review, Sika increased its engagement for improving the lives of people with physical or intellectual disabilities. In 2019, for example, the team from Sika Spain organized a volunteering program which focuses on improving the living conditions of people with intellectual disabilities and on unemployment aid. Furthermore, at Sika's facility in Gournay-en-Bray, France, a partnership with the local governmental initiative "ESAT" ("Centre d'Aide par le Travail") supports the professional reinsertion of disabled people.

Sika aims to vigorously support volunteering work in relation to social activities and personal development. In the year under review, 75 Sika employees in Switzerland were participating at two community projects in Zurich covering biodiversity and waste management. Volunteering work was carried out by Sika teams in all regions.

ENVIRONMENT

The focus of Sika's environmental engagement is on water, building, infrastructure, and renewable energy projects. The main sponsorship partner in this field is the Global Nature Fund (GNF). Sika has supported the GNF and its international Living Lakes environmental program since 2004. Made up of over 100 partner organizations from various lake regions across the globe, the Living Lakes network aims to promote sustainable development and the protection of drinking water, lakes, and wetlands. In 2019, Sika sponsored projects to ensure drinking water in Africa. Furthermore, community development projects were planned and implemented in Colombia and India. The construction of a social center for women is an example of a communitarian participation process and serves as a catalyst for the empowerment of women in rural areas of Colombia. In India the focus of the project was to enable farmers to establish organic horticulture.

SCIENTIFIC SPONSORSHIPS

As project sponsor, Sika engages in the cooperation with the ETH Zurich (Swiss Federal Institute of Technology in Zurich), the University of Fribourg (Switzerland), EPFL (Swiss Federal Institute of Technology in Lausanne), the ESPCI ParisTech (School of Industrial Physics and Chemistry of the City of Paris, France), the University of Burgundy (France), Princeton University (USA), the Beijing University of Chemical Technology (PRC), the University of Tokyo (Japan), and similar institutions across the globe. Sika's local subsidiaries cooperate with research institutes and provide mutual support. Further cooperations are described in the chapter, "Products & Innovations", pp. 30.

2019 was the tenth year in which the Sika Master Award was presented to the authors of three outstanding master thesis in the field of civil engineering, based on the recommendation of ETH's Department of Civil, Environmental, and Geomatic Engineering. Sika also participates in ETH Zurich's Partnership Council of Sustainable Construction. This interdisciplinary forum promotes dialog on current research topics, provides resources, supports knowledge transfer, and encourages the launch of joint research projects in the field of sustainable construction.

SPORTS AND CULTURE

Sika supports sports and cultural projects throughout the world. In the year under review, the focus of sponsorship in Switzerland has been on the EV Zug ice hockey club and on the support of the organization of the Federal Swiss Wrestling & Alpine Festival in Zug, Switzerland. During three days in August, an audience of 420,000 watched around 200 wrestlers from all over Switzerland battling it out for the crown and wreath.

OCCUPATIONAL SAFETY

Sika's goal is to ensure every employee feels comfortable and protected in the workplace. The number of occupational accidents (lost working days >1) decreased by 8.2% in 2019 compared to 2018. In the year under review, 9.55 occupational accidents per 1,000 employees were recorded (previous year: 10.4). In 2019, injuries caused absences, on average, of 21.5 days (previous year: 18.4 days). There has been one fatality on the premises of an acquired Sika company. The increase in total number of lost days due to injuries mainly can be explained by the figures from acquisitions.

In 2019, Sika has established and strengthened the regional and area EHS structure by identifying reference Sika EHS Managers. A further measure has been the planning of a worldwide occupational safety program that will be launched in 2020.

ECOLOGICAL: PLANET

ENERGY

Due to the lower energy intensity of the acquired Parex company, energy consumption per ton sold has further decreased in the year under review. Energy consumption per ton sold was 363 megajoules (previous year: 424 megajoules), which leads to a reduction of 14.4% compared to the previous year.

Sika continued to replace lighting solutions with the latest LED technology. This technology has led to substantial energy savings of up to 70% of total lighting electricity consumption in those locations where the technology was implemented. Furthermore, shorter batch time in production led to a higher output of existing production lines, resulting in increased energy efficiency. The replacement of technical equipment focuses on new energy-efficient installations, such as motors, air conditioning, heating/cooling, and pressurized air systems. Further activities encompass energy-efficient operation of electric motors with frequency converter, leakage detection and fixation of air losses in pressurized air systems, and energy-efficient cooling of process water with use of cooling tower and optimized logistics. The modernization of the vehicle fleet also resulted in fuel reduction. Energy audits and participation at energy networks promoted energy awareness throughout the company. A particular focus has been set on sand drying. A process optimization guideline was set up in 2019, which will be used on a global scale starting in 2020, this will lead up to 30% energy savings.

CO₂ EMISSIONS

According to the latest conversion factors published by the International Energy Agency (IEA), total CO₂ emissions caused by purchased electricity in 2019 summed up to 243,000 tons (Scope 1, 2 and 3). Compared to 2018 (191,000 tons) this result is significantly higher due to the size of the acquired Parex company and other acquisitions which were integrated in the reporting for the first time (Index, King Packaged Materials, Faist). The integration had a substantial positive impact on CO₂ emissions per ton sold, which decreased from 31 kg CO₂ per ton sold (2018) to 27 kg CO₂ per ton sold in 2019.

CO₂ EMISSIONS (DIRECT): CO₂ emissions from burning fossil fuels by all Sika companies, and by its own vehicles, are calculated based on the reported fuel quantities. In 2019, CO₂ emissions from the use of primary energy sources amounted to approximately 88,000 tons (previous year: 48,000).

CO₂ EMISSIONS (INDIRECT): CO₂ emissions from electricity consumption and leased vehicles, as well as business travel, are derived from the reported energy quantities. In 2019, CO₂ emissions caused by electricity consumption amounted to 124,000 tons (previous year: 109,000 tons). Leased vehicles and business travel caused additional CO₂ emissions of 16,000 tons and 15,000 tons respectively (previous year: 20,000 tons and 14,000 tons).

WATER AND WASTE

WATER

In 2019, Sika used approximately 2.7 million cubic meters of water (previous year: 1.8 million cubic meters). The water consumption per ton sold was around 0.34 cubic meters (previous year: 0.39 cubic meters). This decrease is mainly caused by acquisitions processed in 2018 and 2019, which were taken into account in 2019.

Sika aims to boost the sustainability performance of its production sites by reducing water consumption and treating water locally. The company implements measures to reduce consumption, or to re-use water, particularly in geographic regions where water is scarce. Efficient production means closed-loop cooling, and switching from public to surface and ground water, reducing the amount of drinking water used in production. By reusing wastewater, Sika aims to reduce its water consumption on a larger scale.

WASTE

With an increased production volume, the company generated some 112,000 tons of waste (previous year: 84,000 tons). This corresponds to 14.1 kilograms of waste per ton sold (previous year: 18.1 kilograms per ton sold), or a decrease of 22.0%.

Overall, Sika could reduce the amount of waste per ton sold by putting in place activities such as the optimization of the production planning, streamlining the production process layout, and the reuse of production waste. In addition, water from cleaning processes (tanks, bulk delivery trucks, and gas scrubbers) was reused. Furthermore, filter dust from dosing and bagging stations was recycled into similar products in mortar production. Innovative warehouse management was also put in place to reduce the quantity of expired products.

With regards to circular economy initiatives, Sika has been working on a project to recycle waste from polyurethane adhesive to be used as raw material in membrane production.

SIKA SUSTAINABILITY STRATEGY 2023

In 2019, Sika further developed and published the Sustainability Strategy "More Value – Less Impact". With this framework the company is pursuing the goal of creating values for people and of respecting the environment, while at the same time using resources in a moderate and sustainable manner. This is how the future can be shaped sustainably.

The company makes an essential contribution to customers in construction and other industries to meet their sustainability targets, such as energy- and material-efficient vehicles and buildings. Sustainability is an integral part of the innovation process and development of new products

Sika strives to extend the service life of buildings and infrastructure constructions in order to reduce maintenance effort, to improve energy and material efficiency, and to further enhance user friendliness and health and safety profiles. One of the company's main objectives is to reduce resource consumption, energy consumption, and the associated CO₂ emissions along the value chain, both internally and for partners and customers who place their trust in Sika products and solutions. The following graph explains the strategy, the targets and the KPI's. The strategy will be effective by January 2020.

SUSTAINABLE SOLUTIONS

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

TARGET

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



CLIMATE PERFORMANCE

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

TARGET

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



COMMUNITY ENGAGEMENT

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

TARGETS

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



MORE VALUE

LESS IMPACT

ENERGY

We manage resources and costs carefully.

TARGETS

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



WASTE / WATER

We increase material and water efficiency.

TARGETS

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



OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy.

TARGETS

- 50% less accidents
- 0 fatalities



IMPRINT

PUBLISHED BY

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COPY

Sika AG, Baar, Switzerland

EDITORIAL WORK

ehingerbc AG, Kilchberg, Switzerland

PRINT

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