

SIKA BUSINESS YEAR 2015

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BUILDING TRUST



SUSTAINABILITY REPORT

ENHANCING CUSTOMER VALUE AND REDUCING ENVIRONMENTAL IMPACTS WHILE ASSUMING SOCIAL RESPONSIBILITY

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

SIKA'S SUSTAINABILITY STRATEGY

Sika continued to implement its 2014-2018 sustainability strategy during the year under review. With the avowed aim of "enhancing utility and reducing negative impacts", the company continued to pursue its six strategic target areas that focus on economic performance, sustainable solutions, local communities/society, energy, waste/water, and safety. A recent survey of interested stakeholders revealed that these points of emphasis are the right ones and that the system of targets will remain correct in the future.

Through its products, systems, and solutions, Sika strives to create long-term benefits and added value for all its stakeholders and to reduce resource consumption and impacts associated with production significantly (see also "Sustainable Development" on page 37 et seq. of the download version of this report).

Among the chief instruments again employed to globally implement the sustainability strategy in the year under review were the "More Value - Less Impact" campaign as well as the introduction at a local level of the new target and reporting system in line with the G4 Guidelines of the Global Reporting Initiative (GRI G4). A summary of the key results and findings is presented on the following pages. Full details are available on the Internet at www.sika.com/GRI.

MANAGEMENT AND ORGANIZATION

Group Management tasked the Corporate Sustainability Office with implementing the sustainability strategy. It is implemented and anchored locally by the line organization. A particular degree of responsibility lies with the general managers, target market managers, and operations managers, who drive the development and implementation of local action plans.

The existing network of local and regional product sustainability and safety, health and environment (SHE) officers supports the local Sika companies in ideation, planning, and implementation of higher-level regional measures. Through the "More Value - Less

Impact" communication campaign, it informed all internal stakeholders about the new sustainability strategy and included them in planning and implementing respective measures. These activities were extended and intensified in 2015.

STANDARDS AND COMPLIANCE

In 2013 Sika introduced a strict Code of Conduct under which local line organizations are required to confirm implementation. The senior management teams at the individual subsidiaries are mandated to enforce compliance with the Code of Conduct and with all relevant laws and standards.

If Sika employees have doubts or questions about matters relating to the content of the Sika Code of Conduct or the company values and principles, they are required to contact their line manager, the Group Compliance Officer, Corporate Legal, or Corporate HR. Sika has also set up a central help desk.

The introduction and compliance by the General Managers and their management teams was reviewed at the end of 2015 for all Sika companies, and conformity verified in a reporting system.

The Code of Conduct states, among other things, that Sika under no circumstances tolerates any form of corruption or human rights infringements.

Absolutely no leeway is allowed in respect of any breaches of these values. Integrity, ethical, and principled conduct, and adherence to the law are the foundation on which Sika's impeccable reputation is built. This is what customers and all other stakeholders - most notably, the Sika staff and shareholders - have rightly come to expect. During 2015, the adoption in all Sika's companies of a localized Gift & Entertainment Policy was completed. This policy, which integrates and reinforces the principles of the Code of Conduct, provides employees with a clear and detailed framework on how to give and accept gifts and entertainment in their daily business and defines - for each company/country - different levels of authority depending on the gift value.

Forming the core of Sika's corporate culture, these values and principles relate to the following aspects: Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect, and Manage for Results.

These internal standards summarize the key principles of the Sika management style, which is based on mutual trust, personal responsibility, and full transparency at all levels. Group Management had created the post of Corporate Compliance Officer in 2014. During the year under review, compliance processes were streamlined and Sika strengthened its Compliance organization by appointing four part-time Regional Compliance Officers (RCO) who have a functional reporting line to the Group

Compliance Officer in compliance-related matters. To preserve Sika's strong compliance culture and ensure that the Code of Conduct's principles are understood and adhered to by all employees, Sika has developed an animated e-learning program on the Code of Conduct that is used in addition to regular class training events. This training program and a new web-based reporting platform, the Sika TrustLine, will be available in more than 20 languages throughout the organization as part of an awareness-raising campaign on Compliance. The Sika TrustLine is an externally hosted reporting channel where Sika's employees may raise legitimate complaints regarding serious misconduct and/or breaches of Sika's Code of Conduct in a safe and confidential environment, if reporting to other more immediate existing resources, like line management or other specialists, is not feasible or adequate. As part of the roll-out of the Sika TrustLine, an ad hoc policy ("Sika Trust Policy") will be made available to Sika's employees in order to provide clear rules and appropriate training on rights and obligations with regard to internal misconduct reporting. A defined reporting procedure and an effective organization-wide communication campaign on the use of the Sika TrustLine will help to preserve and foster Sika's strong culture of trust, integrity, and transparency.

Sika also assumes responsibilities for the supply chain. In 2015, the Group made the Supplier Code of Conduct that it introduced in 2013 binding on all new suppliers. It is also phasing it in for existing suppliers. Sika thereby ensures that suppliers are informed of Sika's ethical, environmental, and social expectations and guidelines and that they carry out their processes in compliance with the Sika sustainability criteria.

Sika had defined a new group-wide process the previous year that maps out the main sustainability principles (economic, social, and ecological) for supplier qualification and evaluation. The multi-stage supplier evaluation process has three central elements: It requires all suppliers to sign the Supplier Code of Conduct and to complete a self-report questionnaire. In unclear cases, the Purchasing department will follow up with sustainability audits before concluding a supply contract. Sika implemented this new process globally in 2015, initially focusing on high-risk geographic regions and industries.

A platform was created during the year under review for transparently recording and storing documentation generated during supplier qualification. The system enables buyers to inspect suppliers' qualifications and improve them in their countries as necessary.

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 as to whether all activities 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. The auditing process is centrally organized and is overseen by the Audit Committee of the Board of Directors. Group Management is regularly informed about the planning of inspections and their results. In all, Sika conducted

89 audits of corporate functions in the reporting year and implemented associated improvements wherever necessary. The audits covered all aspects of Sika's global business activities: quality, environment, safety, health, risk, technology, compliance, IT security, suppliers, and products.

To ensure that suppliers also meet the official requirements and labor standards, Sika calls on them to perform self-assessments and conducts supplier audits itself. In the year under review, all new suppliers were already assessed according to the new vendor evaluation process.

To improve supplier qualification, Sika began training sales teams in planning and performing partner audits themselves during the year under review. Most of these inspections are overseen by safety, quality, or technology experts. This makes it possible to work on improvements together with the suppliers, including improvements in sustainability.

As a supplier to major customers – particularly from the automotive and industrial sectors – Sika is itself often subject to external audits. These audits are designed to ensure compliance with international labor standards and prescribed quality, environment, safety, and health criteria.

INVOLVEMENT OF STAKEHOLDERS

The goal of sustainable development requires the involvement of every participant along the entire value chain and the identification of shared topic areas of significance to all those involved. During the year under review, Sika repeated the materiality analysis originally carried out during the development of the sustainability strategy in 2013. As part of the review, an online tool was used to survey the most important internal and external stakeholder groups to determine which sustainability issues they considered most important and review whether relevant changes had taken place since 2013. The numerous responses indicated no change in the importance of the various topics and confirmed the path that Sika has taken.

SUSTAINABILITY: TARGETS AND IMPLEMENTATION

MORE VALUE OR ENHANCING UTILITY

Sika takes a long-term perspective on the development of its business, and acts with respect and responsibility toward all internal and external stakeholders. Sika maintains a strong focus on safety, quality, environment, fair treatment, social involvement, responsible growth, and value creation during all business activities.

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.

SUSTAINABLE SOLUTIONS

Sika aims to be the industry leader, staying ahead with a portfolio of sustainable products, systems, and services that help support customers in meeting global challenges. Sustainability is a key component of the company's capacity for innovation and an important driver of product development. Sika strives to extend the service life of buildings and industrial applications, to improve energy and material efficiency, and to further enhance user-friendliness. The company makes every effort 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 two Group targets are:

TARGET: All new product developments are reviewed against key sustainability criteria using a standardized methodology, including a documented, recognized relevance audit and an appropriate improvement plan where necessary.

IMPLEMENTATION: Sika has introduced a uniform sustainability appraisal process (including guidelines and work aids) throughout the company that addresses the relevant sustainability indicators. It is part of the official Sika product development process, which was revised in 2014. The objective of the sustainability appraisal is to assess all sustainability aspects of a new development over its entire life cycle, compared with the company's own or competitors' solutions. Economic, social, and environmental aspects are assessed and serve as a basis for any decision to improve a development. If a new solution fails to provide an improvement over the existing product, it is normally not worthwhile to continue pursuing a development. On the other hand, if a significant improvement over the existing product is achieved, the relevant projects must be prioritized for special attention.

In the year under review, Sika progressively implemented the sustainability appraisal process as part of the launch of the revised product development process as an obligatory part of the innovation process. The individuals responsible for the global rollout in the various business lines, regions, and technology centers received training in the new procedures at a centralized event, where they were familiarized with the processes and methods. These individuals are responsible for the global rollout in all Group companies, which should be complete by the middle of next year.

TARGET: The major Sika country affiliates prepare a product sustainability action plan and implement all planned key projects. The plan is aligned with local trends and with market requirements and encompasses the key projects and topics that are geared to the global initiative.

IMPLEMENTATION: The larger countries in the key North America, Southern Europe, Northern Europe, Eastern Europe, UK, Germany, Turkey, and Mexico regions developed product sustainability plans in 2015 in conjunction with the Corporate Product Sustainability department. The product sustainability functions that have been created at a regional and local level enabled and supported the development, implementation, and management of these plans. The plans are presented and ad-

ministered, progress and activities discussed, and successful projects and local implementations shared at quarterly virtual and annual in-person meetings of the local, regional, and global functions. The focus in 2016 will be on implementing planned activities locally in the existing regions and countries and extending planning to the Latin America and Asia/Pacific regions.

Practical implementation of the "More Value – Less Impact" motto calls for sound data and knowledge about the effects of product manufacturing and the added value of finished products in their application and use phase. In the year under review, Sika added to the life-cycle data collected in previous years for its products, technologies, and applications in accordance with the international life-cycle assessment (LCA) standard ISO 14040, with a primary focus on mortar and liquid roof membranes, and expanded the existing reference database. The information enabled Sika to develop a series of new work aids and successfully introduce them in an initial group of country affiliates.

Examples include environmental product declarations (EPDs) for roof membrane solutions under the German, British, and American standards and assessment tools for the sustainability performance of roof systems and polyurethane floor solutions for office, school, and healthcare facilities. As added value for the customer, they enable project-specific quantitative assessment of the sustainability performance of the selected Sika solution in a standardized form that can be communicated in an easy-to-understand way that is focused on customer needs. Implementing the acquired expertise in the market, a number of country affiliates in Northern and Southern Europe have successfully launched and tested new services to quantify the sustainability performance of Sika solutions. A first set of projects has thus been successfully acquired in countries such as Spain, Italy, and the United Kingdom using the assessment tools introduced locally. In 2016 the focus will be on the further rollout of local introduction of the sustainability sales tools in the roofing and flooring segments in additional target countries, on services related to sustainable construction and energy efficiency in buildings, and on the better integration of sustainability with the local affiliates' business priorities.

This marks Sika's aim to move further away from being a product supplier and more in the direction of a solution supplier, providing customers with innovative solutions to decisively enhance the efficiency, durability, and aesthetic appeal of buildings, infrastructure facilities, and installations. The integrated concepts and solutions address the entire life cycle of a built structure, from initial construction and maintenance through refurbishment or expansion to demolition.

Product and project case studies from all target markets can be found at www.sika.com/sustainability. They detail how Sika solutions support sustainable construction and help to save energy, raw materials, and water and reduce CO₂ emissions.

SOCIAL RESPONSIBILITY

Social, economic, and environmental issues are closely intertwined. Social responsibility is a necessary component of success. Mindful of its obligations, Sika actively engages in sustainable and humanitarian development projects, either as a member of international organizations or directly on the spot. Sika's social involvement also embraces the sponsorship of organizations and initiatives in the fields of science, culture, and sport.

Sika aims to build trust and create value – with customers, local communities, and society as a whole. The Group goal is:

TARGET: 5% MORE SOCIAL PROJECTS PER YEAR: Social projects benefit all non-commercial stakeholder groups of local companies and their neighborhoods. They encompass monetary benefits or material donations, local projects and community engagement programs, dialog with stakeholder groups, communal consultation procedures, social activities and programs, training, environmental projects, or recovery programs.

IMPLEMENTATION: Sika sponsored 83 projects during the year under review (previous year: 67 projects). This equates to a year-on-year increase of 24%. Sika supported the following priority projects:

SOCIAL SPONSORSHIP

Social sponsorship at Sika is mainly organized through the Romuald Burkard Foundation. Its main goals, among others, are to support communities in infrastructure development for social projects, to promote training in construction professions and trades, and to provide emergency aid to disaster-stricken regions. The Sika Board of Directors established the Romuald Burkard Foundation in 2005 in memory of Dr Romuald Burkard, the third-generation representative of the Winkler family, which founded Sika. Sika seeks to promote on-the-ground self-help. The local Sika companies are thus required to put forward specific aid applications and, working with local partners, supervise the projects on site up to completion. Via the Romuald Burkard Foundation, Sika supported the following major projects in the year under review:

Yayasan Tirta Lestari (YTL) is a nonprofit organization whose mission is to improve healthcare, water supply, sanitation, and drainage facilities in Indonesia. YTL is incorporated into the US umbrella organization WatSan Action. Sika has been the main sponsor since 2008. Every year, YTL helps to improve the living standards of 1,500 people.
<http://watsanaction.org>

Since 1968, the ATMI (Akademi Teknik Mesin Industri) vocational training center in Surakarta (Solo), Central Java, has been providing young people from the lower and middle classes with the opportunity to learn a technical trade. Having given its support in past years to build the training infrastructure, Sika helped fund the expansion of further building tracts in 2015, including boarders' sleeping quarters.
www.atmi.ac.id

In Greece, Sika supported the welfare organization The Smile of the Child, which helps children from socially and financially disadvantaged families as well as orphans. A building housing a day clinic for children with mental conditions was completed during the year under review. Sika also supported further social and scientific facilities in Greece such as a kindergarten in Crete and instructional programs at the University of Patras.
www.hamogelo.gr

Sika supports the Samrakshana orphanage and home for the handicapped in the state of Telanga in south-central India. The Samrakshana charitable institution was founded in 2013 by Joseph Vattaparambil and Swiss citizen Brigitte Born to assist people in need, such as street children, people with disabilities, orphans, illiterate people, poor families, single parents, the aged, and the sick. During the year under review, Sika financed the water supply for the orphanage.

In the year under review, Sika began sponsoring a charitable organization that has been aiding the poorest and weakest members of society in southern Naples since 2006. Sika's support consists of three pillars: financial support, provision of Sika products and expertise, and volunteer work. In response to the serious problems facing the local people, Associazione Caterina Onlus plans to build a medical center with outpatient clinics. The center and its volunteer doctors will provide permanent medical services for many families in the region. It is scheduled to open in 2016.
<http://www.caterinaonlus.it/>

Sika has supported the activities of the nonprofit organization Operation Smile in Vietnam since 2010, and in Thailand since 2014. Thanks to the assistance of committed volunteers, the organization has, since 1989, arranged operations for some 200,000 children and youths with cleft lips and palates or similar facial disfigurements. In Thailand, Sika employees did 332 hours of volunteer work at the Mae Sot Hospital between November 1 and 6, 2015.
www.operationsmile.org

Since 2007, Sika has supported the Pan de Vida orphanage in Mexico, where disadvantaged children and youths have the chance to live and study. In the year under review, the project included scholarships for five youths and the purchase of kit for the orphanage's soccer team.
www.pandevida.org

Sika has supported the Liter of Light organization since 2012, when it was founded by ten master's candidates from the University of St. Gallen. The organization sets out to provide underprivileged areas of the world with alternative light sources made from repurposed plastic bottles. In 2015 Sika sponsored Liter of Light projects in Bangladesh, India, Kenya, Nicaragua, the Philippines, South Africa, and Tanzania.
www.literoflightswitzerland.org

Sika supported the UPSV orphanage in Brasov, Romania, in the reporting year. The institution not only offers a home for children and adolescents, but also helped over 200 young people to find work and establish a foothold in society. In addition to giving financial support, Sika also helped to renovate one of the buildings.
<http://www.upsv.org/>

In China, Sika supports the Library Project, a nationwide initiative to sponsor libraries in public schools. In the year under review, Sika donated 16,000 books to establish libraries at 21 schools, benefiting some 4,000 children. Sika is also involved in work to renovate several schools in mountainous regions of the Chongqing and Sichuan provinces in the south of the country.
<http://www.library-project.org/>

Legacy Rainbow House in Mawdesley, south of Preston, UK, is a facility for children with brain injuries, multiple disabilities, or complex care needs. Among other contributions, Sika has donated its ComfortFloor® Pro floor solution to support the facility. The product's chemical composition and texture offer the perfect surface for the intensive therapy activities that take place in the facility and make the floor very comfortable for the children.
<http://thelegacy-rainbowhouse.com/>

At the start of the year under review, Sika provided support for NOIVA, a nonprofit organization that organizes emergency aid in crisis regions as well as long-term development aid measures in places with shortages of jobs, schools, children's homes, etc. NOIVA is convinced that "helping people help themselves" means supporting local economies through initiatives, investments, and know-how.
<https://www.noiva.ch/en/>

In the year under review, Sika supported the construction of a new school for girls and young women in Madagascar. The school prepares the young women for a job in education. Sika specialists contributed their expertise to the construction work, and Sika is also providing financial support for the building project. The school is located in Tulear, a city of 150,000 inhabitants and capital of the Atsimo-Andrefana region, over 900 kilometers southwest of Antananarivo.

ECOLOGICAL SPONSORSHIP

The focus of Sika's ecological sponsorship 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. Comprising over 100 partner organizations from various lake regions across the globe, the Living Lakes network sets out to promote sustainable development and the protection of drinking water, lakes, and wetlands. The initiative uses successful models and concrete projects to demonstrate how, with the involvement of the local population, positive social and economic developments can be achieved in different regions and societies without any threat to nature and the environment. In the reporting year, Sika sponsored drinking water and environmental projects in Ivory Coast, Colombia, Mexico, Mongolia, the Philippines, and South Africa. In Colombia, Mexico, South Africa, and the Philippines, Sika supported

the construction of green filters (plant-based water treatment facilities) with the aim of improving local sanitary and hygiene conditions. This also significantly improved the living conditions of impoverished groups in rural areas.
www.globalnature.org

SCIENTIFIC SPONSORSHIP

As project sponsor, Sika engages in a lively dialog with ETH Zurich (Swiss Federal Institute of Technology in Zurich), the University of Fribourg, EPFL (Swiss Federal Institute of Technology in Lausanne), the ESPCI ParisTech (School of Industrial Physics and Chemistry of the City of Paris), the University of Burgundy, Princeton University, the Beijing University of Chemical Technology, and many similar institutions across the globe. Sika's local subsidiaries cooperate with research institutes and provide mutual support.

ETH ZURICH: Sika continued to support the chair in Soft Materials at the ETH Zurich in the year under review. Research interests focus on soft materials such as gels, molten polymers, and rubber and their boundary surfaces. Research into composites made of soft materials as well as colloid systems and bacteria are further main aspects. 2015 was the sixth year in which the Sika Master Award was presented to the author of an outstanding master's thesis in the field of applied chemistry, based on the recommendation of ETH's Department of Chemistry and Applied Biosciences. Sika also participates in the Sustainable Construction Partnership Council. This interdisciplinary forum promotes dialog on current research topics, supports resources and knowledge transfer, and encourages the launch of joint research projects in the field of sustainable construction.
<http://www.softmat.mat.ethz.ch/>

UNIVERSITY OF FRIBOURG: The University of Fribourg and Sika signed a cooperation agreement in the year under review. A research group on management in emerging markets was established at the Faculty of Economics and Social Sciences in 2014. Reflecting the growing significance of newly industrializing countries for the strategies of western companies, the objective of the cooperation venture between the University of Fribourg and Sika is to enable research and teaching on management in emerging markets at the western Swiss faculty.
<http://www.unifr.ch/ses/ses2011/index.php>

ST. GALLEN SYMPOSIUM: The St. Gallen Symposium is a conference held each year in early May to encourage dialog between representatives of business, the government and society. In the year under review, Sika sponsored the work of the International Students' Committee (ISC), which involves dialog between 600 leaders and 200 dedicated young entrepreneurs selected to participate on the basis of their entries in the St. Gallen Wings of Excellence Award competition.
<http://www.symposium.org>

FOUNDATION SWISS INNOVATION PARK: Along with other well-known Swiss companies, Sika supports the "Switzerland Innovation" initiative. This initiative aims to attract companies from Switzerland and abroad with the research and development facilities it offers at its five locations: Park Basel Area, Park innovaare (Canton of Argau), Park Zurich, Park Network West

EPFL (Lausanne) and Park Biel/Bienne).
<https://www.switzerland-innovation.com/>

SPORTS AND CULTURAL SPONSORSHIP

Sika supports sports and cultural projects throughout the world. The focus of sponsorship in Switzerland is on the Lucerne Symphony Orchestra, the EV Zug ice hockey club, and the Swiss Sliding sports association.

LUCERNE SYMPHONY ORCHESTRA: Sika has been a partner of the Foundation for the Lucerne Symphony Orchestra (LSO) for several years now. The foundation sets out to promote the artistic reputation of the LSO at regional, national, and international level. It supports outstanding creative projects undertaken by the LSO and fosters the innovative development of the orchestra. As Switzerland's oldest symphony orchestra, the LSO enjoys international acclaim.
www.sinfonieorchester.ch

EV ZUG ICE HOCKEY CLUB: Featuring on the club kit, stadium banners, and even the ice rink, the Sika logo is now a part of EV Zug's public identity. The sponsorship agreement with the top Swiss ice hockey team was extended in 2013 and will run until the end of the 2017/2018 season.
www.evz.ch

SWISS SLIDING: Sika is a sponsor of Swiss Sliding, the association for the Winter Olympic disciplines of bobsleigh, luge, and skeleton. Swiss Sliding is committed to both top-level competitive and grass-roots sport, with the development of young talent as a key priority. As Jürg Möckli, Swiss Sliding CEO, points out: "Apart from the financial support, Swiss Sliding also benefits from Sika's know-how and products."
www.swiss-sliding.ch

2015 STREET HOCKEY WORLD CHAMPIONSHIP: Sika was the main sponsor of the 2015 Street Hockey World championship held from June 19 to 28, 2015, in Zug, Switzerland. During the event, Sika had its own pavilion in the extensive championship village, offering entertainment including a Sika knowledge trail for visitors for the entire ten days.
<http://zug2015.com>

LESS IMPACT: REDUCING THE NEGATIVE FOOTPRINT

The following details relate to all business operations of the Sika Group, including the activities of the newly acquired companies, and focus on the core themes of energy, water/waste, occupational safety, and CO₂ emissions at the more than 180 Sika production sites.

Sika is continually improving its environmental protection and safety performance through its routine investment planning and maintenance activities. During the year under review, Sika once again spent CHF 6.2 million on technical equipment to prevent accidents and illness. This corresponds to roughly 4% of total investments in technical equipment of roughly CHF 140 million. Sika also implemented numerous further health, safety,

environment, and sustainability measures during the year under review. Expenditures in these areas came to CHF 22 million (previous year¹: CHF 23.1 million). The total worldwide headcount in this field runs to over 100. Sika employs environment, safety, and sustainability specialists at all its major sites.

ENERGY

Global megatrends, such as energy and raw materials shortages, urbanization, and population growth are confronting companies and communities with major economic, social, and ecological challenges. Availability and efficient use of energy and resources are crucial to sustainable development and poverty reduction. Sika sees it as its responsibility to minimize the impact on climate change by reducing energy consumption from nonrenewable sources with the positive effect of lowering costs and increasing competitiveness. The Group goal is:

TARGET: 3% LESS ENERGY CONSUMPTION PER TON AND YEAR: This includes the total energy produced and consumed by all Sika operating companies and units, both industrial and nonindustrial sites.

IMPLEMENTATION: Sika consumed 1,833 terajoules in 2015 (previous year: 1,671 terajoules). Approximately 53% of Sika's energy requirements were met by electrical power from the local grid. The remaining demand was mainly covered by natural gas and liquid fuels.

Energy consumption per ton came to 455 megajoules (revised figure for the previous year¹: 438 megajoules). This slight increase of 4% is primarily due to the change in product mix and strong growth in energy-intensive product technologies. With an increase in energy efficiency of approximately 15% during the last two reporting years in comparison to 2013, Sika is on track.

To maintain the positive trend, the following energy projects have been initiated: The Sika plant in Düringen, for example, uses waste heat from air compressors to heat the factory, reducing or saving 390 MWh of natural gas and 79 tons of CO₂ emissions per year. Sika Spain installed a new cooling tower in late 2014 to provide better performance with lower energy consumption. The new cooling tower will save 200 MWh of energy and 58 tons of CO₂.

CO₂ EMISSIONS

CO₂ is a consequence of fossil energy consumption, and can only be limited within Sika by increasing energy efficiency. This is why Sika controls its CO₂ emissions via its energy target and has not set a specific reduction target at Group level.

CO₂ EMISSIONS (DIRECT): CO₂ emissions from energy consumed directly by all Sika operating companies and units, both industrial and nonindustrial sites, and by its own vehicles are calculated based on the reported fuel quantities. In 2015, CO₂ emissions from the use of primary energy sources ran to around 53,000 tons (previous year¹: 47,000 tons). A number of factories in China still rely on locally sourced coal as a fuel. This has a low gross calorific value and entails higher CO₂ emissions than natural gas. Emissions were reduced at two plants by adjusting the product mix, partially replacing a coal-intensive process with a coal-free process.

CO₂ EMISSIONS (INDIRECT): CO₂ emissions from indirect energy consumption, i.e. emissions not due to Sika's own primary energy usage, including leased vehicles and business travel, is derived from the reported energy quantities. CO₂ emissions caused by purchased electricity are calculated using current emission factors from the Greenhouse Gas protocol (GHG), applying average values for electric power production in each particular country. In 2015, CO₂ emissions caused by electricity consumption were calculated at 107,000 tons (previous year: 102,000 tons), i.e. more than twice as high as direct CO₂ emissions. Leased vehicles and business travel caused additional CO₂ emissions of 21,000 and 13,800 tons, respectively (previous year: 20,500 and 14,000 tons).

Project case studies from around the globe detailing how Sika was able to save energy at its plants and reduce CO₂ emissions can be found at www.sika.com/sustainability.

WATER

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 use lower-grade water qualities, especially 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. The Group goal is:

TARGET: 3% LESS WATER CONSUMPTION PER TON AND YEAR: This includes water consumed by all Sika operating companies and units, both industrial and nonindustrial sites, whether from public utilities or from ground or surface water sources.

IMPLEMENTATION: In 2015, Sika used approximately 1.7 million cubic meters of water (previous year¹: 2 million cubic meters). With water consumption per ton sold down by around 25% to 0.41 cubic meters (revised figure for the previous year: 0.55), Sika significantly exceeded its target. Sika invested in various water efficiency projects at its plants worldwide during the year under review, for example in the installation of a new cooling system at a major Sika plant: cooling water was replaced by a closed cooling water circuit. This led to a nearly 80% reduction in Sika's water consumption in the United States. Sika Peru undertook a quite different project of an educational nature by installing a hydroculture greenhouse on its premises. The project aims to help employees develop a better understanding of water as a precious resource.

Project case studies from around the globe detailing how Sika has succeeded in saving water at its plants can be found at www.sika.com/sustainability.

WASTE

Efficient use of input materials is extremely important to all Sika companies, as production processes are material-intensive and use high volumes of nonrenewable resources. Efficient production in this context means reducing and reusing production scrap, reducing and reusing packaging materials, and improving packaging design, leading to higher productivity and lower material use. The Group goal is:

TARGET: 3% LESS WASTE PER TON AND YEAR: This includes all waste material sent to external contractors for disposal – with the exception of materials returned to suppliers – and covers all Sika operating companies and units, including industrial and nonindustrial sites.

IMPLEMENTATION: Recording a higher production volume, the company generated approximately 70,000 tons of waste (previous year¹: 62,000 tons). This corresponds to 17.3 kilograms of waste per ton sold (revised figure for the previous year: 16.5 kilograms per ton sold), or an increase of 5%. After reporting improvements in previous years, waste generation resulting from the start-up of new production sites impacted on efficiency in 2015. However, since 2013 the amount of waste has been reduced overall by -3.3%.

Material efficiency will be a priority in 2016. A large part of the waste – particularly from polymer and adhesive production – is recycled by external companies. Extensive measures such as the efficient and economical use of raw materials, process optimizations, improved waste sorting, and the recycling of packaging materials have contributed to global waste efficiency.

Sika Colombia achieved savings by composting organic wastes from the plant, and subsequently packing and selling the compost or using it in site landscaping and a teaching garden. At Schönox in Germany, dust is vacuumed off during the filling of valve bags and separated in "big bags". The material is generally disposed of afterwards. Today, materials are separated in the vacuuming process during large production runs. Since the composition of the resulting separated materials is pure, they can subsequently be blended back into the production process, avoiding roughly 150 tons of waste per year.

Project case studies from around the globe detailing how Sika managed to reduce waste at its plants can be found at www.sika.com/sustainability.

OCCUPATIONAL SAFETY

The health, safety, and well-being of all Sika employees are essential to the success of the company's business and are core concerns throughout the organization. This requires focus and a systematic approach: occupational standards, management commitment, employee involvement, work site and risk analysis, hazard recognition and resolution, training and education are key components of Sika's health and safety framework. A culture of safety and a healthy work environment are at the center of everything the company does.

Sika has the ambitious goal of every employee leaving the workplace healthy. The Group goal is:

TARGET – 5% FEWER ACCIDENTS PER YEAR: This refers to the number of work-related accidents leading to injuries, covering all Sika employees, including temporary and subcontracted staff, at the company's operating companies and units, both industrial and nonindustrial sites. Construction projects are not factored in.

IMPLEMENTATION: The number of occupational accidents leading to lost work time of more than one day showed a year-on-year decrease of approximately 10%. In the year under review, 9.7 occupational accidents per 1,000 employees were recorded (previous year¹: 10.8). In 2015, injuries caused absences of an average of 22 days (previous year: 17). This figure was strongly influenced by longer absences due to injuries to the locomotor system caused by accidents while walking. Sika will continue to improve safety constantly in 2016:

In the United States, a comprehensive safety strategy is being developed under the name Sika Safe. Plant employees are taking the initiative by forming teams to deal with the previously identified key risks. Work hours and a budget have been allocated to allow them to work on improving their work environment.

The aim is to get the vast majority of the workforce involved and participating in solving problems. Thanks to a safety initiative, the Sika plant in Cerano registered no accidents in 2014 and 2015. This result was achieved by instilling awareness, and personal responsibility, training staff at all levels, and conducting regular risk analyses and audits.

Project case studies from around the globe detailing how Sika was able to reduce occupational accidents and days lost at the plants can be found at www.sika.com/sustainability.

1) The values from the 2014 Annual Report have been retroactively adjusted in line with renewed availability and factored into the calculation of the key figures.

IMPRINT

PUBLISHED BY

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EDITORIAL WORK

Ramstein Ehinger Associates AG, Zurich

PRINT

Kalt Medien AG, Zug

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