

## Environmental, Social, And Governance Evaluation

# Sika AG

### Summary

Founded in 1910 and headquartered in Baar, Switzerland, Sika is a specialty chemicals company that manufactures a range of additives, adhesives, sealants, and other bespoke products for the construction and automotive sectors. Operating across 100 countries and with more than 300 production facilities, Sika is a global company that has seen above market expansion in recent years. This is illustrated by Sika's sales of CHF 7.9 billion in 2020, an increase from CHF 7.1 billion in 2018. This growth has been both organic and through acquisitions, with Parex in 2019 being the most notable.

Sika's ESG Evaluation of 74 reflects our view that Sika embeds sustainability into its products, delivering environmental benefits to customers who are often in hard-to-abate sectors such as concrete and roofing. Sika fosters close collaborations with customers that, in our view, helps it stay relevant to the need for sustainability in the construction and automotive sectors. The company currently lags other specialty chemical peers on occupational safety, but we recognize that it is taking steps to address this, with some early signs of improvement. Its governance standards reflect the comprehensive practices common in Swiss companies, and we expect its board composition to reach global best practices by adding diversity and skills in the near term.

Sika's customer focus helps it anticipate and adapt to a variety of long-term plausible disruptions, rendering its strategy resilient, in our view. Sika's culture fosters an innovative ecosystem where flat hierarchical structures and large teams of engineers are encouraged to develop and execute on new concepts. We believe that the central position given to sustainability in Sika's strategy will make it more resilient as much of the company's continued success will hinge on its ability to adapt to changing environmental and social standards. Our view is that Sika will continue to develop new products that offer enhanced functionality and sustainable performance.

### Analytical contacts

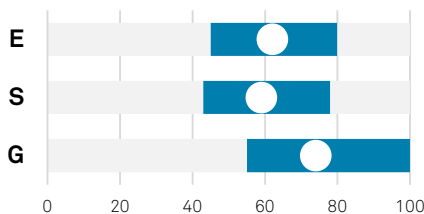
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### ESG Profile Score

66 / 100



Company-specific attainable and actual scores

### Preparedness Opinion (Scoring Impact)
















Strong (+ 8)

### ESG Evaluation



A higher score indicates better sustainability

# Component Scores

Environmental Profile			Social Profile			Governance Profile		
Sector/Region Score		30/50	Sector/Region Score		28/50	Sector/Region Score		35/35
	Greenhouse gas emissions	Good		Workforce and diversity	Good		Structure and oversight	Good
	Waste and pollution	Good		Safety management	Lagging		Code and values	Good
	Water use	Strong		Customer engagement	Strong		Transparency and reporting	Good
	Land use and biodiversity	Strong		Communities	Good		Financial and operational risks	Neutral
	General factors (optional)	None		General factors (optional)	2		General factors (optional)	None
Entity-Specific Score		32/50	Entity-Specific Score		31/50	Entity-Specific Score		39/65
E-Profile (30%)		62/100	S-Profile (30%)		59/100	G-Profile (40%)		74/100

## ESG Profile (including any adjustments)

**66/100**

This figure is subject to rounding

## Preparedness Summary

Sika's long-term strategy is to enhance its customers' sustainability performance by developing innovative products that require less water or fewer raw materials. Sika's strong collaboration with customers allows management and the board to anticipate, often ahead of peers, the technological and secular trends that could disrupt its eight end markets. The overarching aim is to ensure its new products deliver functional and sustainable performance.

We view favorably the company's efforts to embed sustainability throughout the organization via the training and development of its workforce, partnerships with technical universities, and R&D decisions that focus on new products that demonstrate a sustainability benefit before receiving funding.

### Capabilities

Awareness	Excellent
Assessment	Good
Action plan	Good

### Embeddedness

Culture	Excellent
Decision-making	Excellent

## Preparedness Opinion (Scoring Impact)

**Strong (+ 8)**

## ESG Evaluation

**74/100**

# Environmental Profile

## Sector/Region Score (30/50)

Unlike the basic and agricultural chemicals sectors, the most material environmental risks for specialty chemicals companies occur primarily in the value chain. The sector’s current dependence on fossil-fuel-derived feedstocks can lead to high end-of-life-related greenhouse gas (GHG) emissions. It also still relies on fossil fuels in the production phase. Equally, waste and pollution, particularly air emissions, such as VOCs, SOx and NOx, and plastic pollution from the use and end-of-life disposal phases represent significant environmental risks for the sector.

## Entity-Specific Score (32/50)

				
Greenhouse gas emissions	Waste and pollution	Water use	Land use and biodiversity	General factors
<b>Good</b>	<b>Good</b>	<b>Strong</b>	<b>Strong</b>	<b>None</b>

We expect Sika will improve its GHG emission performance. Currently we view it as about average for the sector. Sika’s strategy to mitigate its scoped emissions is less advanced than some peers, with limited tracking of material sources of scope 3 emissions, less stringent renewable energy requirements, and no targets on fossil-free production. Still, the company has already exceeded its 2023 intensity-based target--of a 12% reduction in CO2 emissions per product sold from 2019 levels in 2020--with a 26% decrease. We understand Sika will be now setting more ambitious science-based targets. Outside of its scoped emissions, Sika’s product portfolio demonstrates an active and sustained strategy to enable GHG emissions reductions in hard-to-abate sectors, such as building materials and cement, and by enabling energy savings through building refurbishments.

We view Sika’s approach to waste and pollution as broadly aligned with the sector average. Despite VOCs, SOx and NOx being a material environmental risk, Sika will only implement air emissions monitoring from 2021, which contrasts with leading sector peers who demonstrate both longstanding monitoring and detailed targets to reduce their air emissions. Notwithstanding Sika's average performance in air emissions and hazardous waste, the company demonstrates a strong approach to waste management through strident efforts to promote a circular economy via its suite of sustainable products, and its reuse of waste. Sika’s pioneering work to enable the use of recycled aggregates in concrete, which it is currently piloting, and its circular business model for roofing membranes stand out in the industry. In our view, these efforts demonstrate the company’s leadership in closed-loop recycling.

Sika actively and effectively enables water savings for customers in resource-intensive industries and is proactive when it comes to land use and biodiversity. Though it is not alone in offering cement admixtures that lessen the requirement for water in concrete, we see Sika as a clear leader in achieving these reductions with bio-based raw materials. The company’s use of agricultural waste products demonstrates to us that it understands land use change and has a proactive approach to improving sustainability across the value chain.

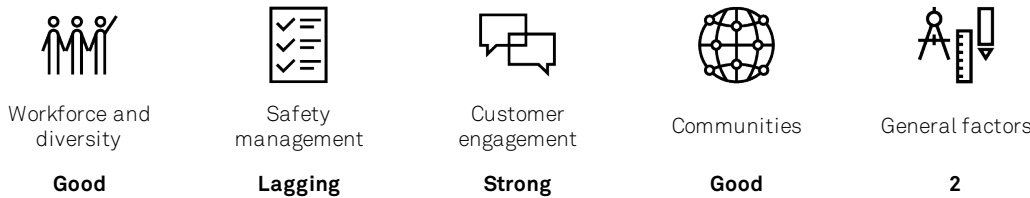
# Social Profile

59/100

## Sector/Region Score (28/50)

Safety management is a critical issue for companies in the specialty chemicals sector. Equally, as the sector tends to offer more bespoke, less commoditized, products than basic and agricultural chemicals, we see customer engagement as being a material factor. We also consider greater exposure to changes in consumer behavior toward chemicals and plastics to be a material risk, and believe that social awareness of chemical products, especially around health and environmental issues, will become more influential over time.

## Entity-Specific Score (31/50)



Sika has a customer-centric workforce of technical sales staff and R&D engineers who frequently visit customers on construction and manufacturing sites. Sika’s close collaboration with customers enables strong outperformance in the market with product innovations that meet evolving needs, including for sustainability. The company operates an extensive network of R&D facilities with 21 global, 21 regional, and 55 local technology centers. We have positively adjusted the social profile to reflect this strong engagement model because, in our view, this is key to maintaining a relevant product portfolio.

That said, Sika lags peers on occupational safety management. The company has had a demonstrably higher lost time injury-frequency rate of 4.8-5.7 in recent years, compared to an upper quartile of 1.8 for the sector, and even exceeds the upper quartile of 3.4 for contractors in the construction industry. Its occupational injury frequency rate is also relatively high. Where we see leading peers discussing both the reasons for a fatality and how they have amended processes following an accident, we observe Sika developing a group-level safety strategy. The company’s recently launched Vision Zero program seeks to harmonize safety standards across all subsidiaries, and a new corporate safety manager has introduced minimum safety standards across the group with early results indicating an improvement in metrics. Sika has also avoided legacy product-safety litigation from asbestos, which has affected other players.

Sika’s approach to workforce and diversity is broadly in line with peers. Its personnel turnover is slightly higher than for close peers and high for the broader sector, which we understand stems from employees gaining industry experience alongside advanced technical university degrees. In our view, the long tenure of management (22 years) shows both a strong workforce culture and a potential ceiling for career development. Gender balance aligns with the sector average except for senior management roles, where Sika significantly lags peers. Sika has implemented several measures to increase the number of (currently underrepresented) women in sales and technical functions and has affirmative action programs to promote inclusive workplaces, for example at its Gournay plant in France, which employs 20 people with disabilities. Sika is generally less exposed to community risks than other companies in the chemical sector because its facilities are smaller (with fewer than 20 employees) and pose less risk of explosions or large toxic releases.

# Governance Profile

74/100

## Sector/Region Score (35/35)

Switzerland, where Sika is headquartered, has among the most comprehensive corporate governance practices and regulations in the world. Its ESG disclosure is also advanced compared to the global average. Though Sika has a local presence in over 100 countries, it is mostly concentrated in countries with strong governance standards.

## Entity-Specific Score (39/65)



Structure and oversight

**Good**



Code and values

**Good**



Transparency and reporting

**Good**



Financial and operational risks

**Neutral**



General factors

**None**

Sika's board comprises entirely non-executive members and the positions of chair and CEO are separate, in line with best practices. The board's diversity of skills and experiences matches well with the company's strategy, in our view. We also view favorably the company's ambitions to enhance its board members' skills in brand management, e-commerce, digitalization, technology and sustainability, although these plans have not yet been fully implemented. Despite this diversity of experience, the board lags local gender and nationality diversity standards – of the eight board members, only one is a woman, which is low compared to the national average of 1:4. Furthermore, though we acknowledge Sika's aim to increase its board's gender diversity, the two most recent appointments were both male.

△ Historically, the board has demonstrated a strong capacity to uphold shareholder rights and to act in the company's best long-term interests. Following a takeover attempt by Saint-Gobain in December 2014, and the ensuing three-and-a-half-year legal dispute between the board and the founding family, we believe the board clearly demonstrated its ability to maintain these fundamental tenets of good corporate governance.

In our view, Sika encourages accountability, and has a comprehensive code of conduct and undertakes appropriate tracking and investigation of cases of misconduct. The company trains its employees and contractors in this code as well as requiring written acknowledgment. Its remuneration structure is balanced, with long-term incentives representing 25% of CEO pay. The difference between the CEO's and median employee pay sits in line with European peers. Its balance of variables fixes CEO compensation at approximately 3:1, which is also in line with European peers.

We view Sika's transparency and reporting as sector average for sustainability and global best practice for financial and corporate governance. Sika lags stronger peers primarily because of its unclearly stated 2023 targets, which, in its 2019 annual report, lacked base years. We note Sika's intention to use its enabled GHG emission reductions from its products to balance its scope 3 emissions. Such carbon accounting is currently not accepted as progress toward a science-based target, which Sika is in the initial stages of defining. Its membership of Together for Sustainability, a sector initiative to promote homogenous standards in supply chain auditing, and its reporting in accordance with the GRI Standards, positions it well among peers, but the current absence of independent assurance of non-financial data (to be implemented in 2022) constrains our view.

# Preparedness Opinion

**Strong**  
(+ 8)

Preparedness	Low	Emerging	Adequate	<b>Strong</b>	Best in class
Awareness	Developing	Good		<b>Excellent</b>	
Assessment	Developing	<b>Good</b>		Excellent	
Action	Developing	<b>Good</b>		Excellent	
Culture	Developing	Good		<b>Excellent</b>	
Decision-making	Developing	Good		<b>Excellent</b>	

## Summary

We view innovation as a key component of the business model of any specialty chemical business. In this context, we recognize Sika's focus on sustainability within its strategy, which centers around continuously improving the environmental impact of its products in response to customers' needs and tightening regulatory requirements, while reducing consumption of resources and maintaining the company's economic performance.

Sika's strategy leverages its unique customer-centric orientation with its ability to provide functional and sustainable technological advantages to its key end markets. This close engagement with customers enables the board to anticipate disruptive trends, including technological and secular changes. A key enabler for the growth of its product portfolio is reducing weight and materials in its core end markets, which will help with CO2 reductions. Sika's strategic focus is enabling its customers' products and processes to perform better and be more sustainable in the future. This is its core value proposition. A decentralized decision-making model enables Sika's management to adapt this core strategy to local market needs, and strong training and development on sustainability topics aims to upskill the workforce to ensure it can execute the strategy successfully.

The company's growth strategy involves bolt-on acquisitions in regions that offer favorable growth prospects and are characterized by low penetration, and those that complement and extend Sika's existing product portfolio and access to clients. To date, Sika has played a consolidating role in the fragmented construction chemicals industry, with growth delivered either by bolt-on acquisitions, or – in 2019 – by the sizeable acquisition of mortar producer Parex, for CHF2.5 billion. Sika currently identifies eight strategically important target markets: concrete, waterproofing, sealing and bonding, roofing, flooring, refurbishment, industry, and building finishing.

Awareness	Developing	Good	<b>Excellent</b>
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Sika's board takes a long-term view in its strategy sessions. These sessions are detailed and happen every three years, with a mid-term review. In the interim, topics are raised via management through a traditional enterprise risk management (ERM) framework, as well as through key industry groups. We view favorably the board's interactions with middle management

## Preparedness

and via site visits, which take place with and without management's presence. Board members actively follow both the megatrends in their own industry regarding technological innovations and shifting regulations, and trends arising in customers' industries such as developments in sustainable construction. The board positions the company's strategy to capitalize on opportunities identified, for example by supplying materials that are essential to new building construction and refurbishment. In our view, the board speaks with fluency on sustainability topics and how the product portfolio is transitioning. Beyond the internal work with customers, Sika is highly active in developing cutting edge technologies with leading technical universities. Examples include modular construction and 3-D concrete printing on an industrial scale.

### Assessment

Developing

**Good**

Excellent

We believe the tools the board uses to assess risks and opportunities help set a resilient strategy. The board's assessment covers eight end markets in over 100 countries. Sika's board uses traditional ERM tools, life-cycle analyses of products to ensure they deliver sustainable benefits to target markets, and a Sustainability Advisory Board with academics, consultants, and NGOs. The success of its strategy is measured across eight end markets and at the country level, and the board frequently reviews progress. We anticipate the assessments to remain largely near-term given the rapidly changing and highly innovative nature of the industry. Over the longer term, we view disclosure of the sustainable benefits of its products as a challenge when assessing the materiality of opportunities. Double counting environmental benefits (e.g. both Sika and its customers claiming carbon benefits for its climate neutrality claims) could distort strategic assessments. We expect the assurance of non-financial data next year to strengthen and support the board's assessment of carbon risks and climate-related future disruptions. In our view, safety risks within specialty chemicals are where "unknown unknowns" can occur. The risk management functions set specific aims. For example, the purchasing organization presents to the board risks stemming from emerging safety regulations.

### Action Plan

Developing

**Good**

Excellent

Operating in the specialty chemicals industry inherently exposes Sika to uncertain safety risks that can arise suddenly and demand quick adaptations, given that its product portfolio contains approximately 4,000 chemical compounds. Historically, the company has managed these risks well by ensuring compliance with the relevant statutory registration requirements such as the EU's REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), and collaboration with industry specialists and external consultants. Sika's awareness of the legislative environment also translates into its innovation leadership, which it has managed well historically. For example, it has avoided asbestos-related litigation by undertaking detailed screening of acquisition targets. Sika has advanced its mitigation of upcoming safety regulations thanks to efforts it has put in well in advance (e.g. the diisocyanates regulation for polyurethanes, which Sika meets three years before they are due to take effect). Still, there could be residual risks from other substances that are not yet known.

**Culture**

Developing

Good

**Excellent**

Sika fosters an innovative ecosystem with its flat hierarchal structure and focus on sustainability. The company runs academies and webinars to educate its employees on sustainability and climate challenges and provides financial support to projects that focus on innovation and sustainability initiatives. This is happening more and more at companies in the chemical industry. Sika also participates in external initiatives to raise reporting standards around the circular economy, notably through its support of the World Business Council for Sustainable Development (WBCSD)'s Circular Transition Indicators. Sika has been a member of the WBCSD since 2010, and the working group for Circular Transition Indicators since early 2020. That said, Sika's involvement comes at the later stages of testing these tools and indicators, whereas we note industry peers participated earlier in the development.

There have been several notable signs that Sika embeds ESG and preparedness within its culture. We note its quick and local response and support extended to communities during the COVID-19 pandemic. For example, the company has donated thousands of liters of hand sanitizer and protective equipment both to its employees and local communities, while, in Chile, it helped provide mobile modular-built hospitals to relieve the country's overextended health care system. In South Africa, the company assisted the Department of Health with new hygienic flooring for a quarantine site. We also note that its pandemic-related support has not compromised its usual community engagement projects. This shows us that Sika's customer-centric and sustainability-focused culture is working.

**Decision-Making**

Developing

Good

**Excellent**

Sika's decision-making model is decentralized so that local management teams can adapt the central strategy to meet local needs. This includes the global, regional, and local R&D network. Sika's key R&D projects focus on high-performance molecules with tailored features, smart refining technology for polymers, and renewable materials including recycling processes and sustainable construction methods. The company's 2030 ambition is to have 100% of the portfolio delivering sustainable benefits to its customers (70% as of 2019, as estimated by management). We expect Sika will achieve this given that it has already attached sustainability-related requirements to its R&D for more than 10 years now. In our view, the figure of 70% is difficult to benchmark given the current constraints of reporting standards. That said, it demonstrates a clear commitment to embed sustainability throughout the entire organization and stands out among companies in the industry and beyond. To reinforce effective decision-making, in 2019 Sika introduced CO2 reduction targets into management's incentive structure, which demonstrates a clear commitment to achieve its sustainability objectives.

Sika screens its acquisition targets – which are often family-owned entities – for several non-financial parameters such as safety, sustainability of the product portfolio, and organizational culture. Owing to its track record of successfully integrating acquisitions, the company has tried and tested processes that ensure any gaps between the target and Sika are quickly addressed and brought up to corporate standards. In our view, screening the investee companies demonstrates Sika's clear alignment of its ESG aspirations with its long-term growth strategy.



# Climate-Related Financial Disclosure

**TCFD Recommendations Alignment Assessment:**

Not adopted	<b>Partially adopted</b>	Adopted
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We assessed to what extent the entity has adopted the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures’ (TCFD) recommendations. We do not opine on the quality of the entity’s disclosures or the climate change scenario assumptions, if any, but rather comment on the number of disclosures made, based on the TCFD’s suggested disclosure list.

Based on the entity’s publicly available information, in our opinion Sika has Partially Adopted the TCFD recommended disclosures.

Sika has a company-wide risk management system classifying its main risks along the entire value chain. The company discloses how climate-related risks might affect its raw material and manufacturing costs and disrupt its manufacturing and distribution networks. However, it does not classify climate-related risks by time horizon. While Sika indicates that it has considered 2°C and 4°C climate scenarios, it does not describe how their potential outcomes influence its financial planning and strategy, and how it has assessed the materiality of climate-related risks in relation to other risks.

Sika discloses that it will integrate climate-related risks into the group’s risk management system in the future. The company specifies action plans to manage transitional and physical risks, however it does not disclose any processes about how these risks are identified, assessed, and managed. The board of directors is responsible for implementing sustainability policies and strategies, but it does not disclose the frequency with which the board is informed of climate-related issues. Sika’s external Sustainability Advisory Board and internal sustainability committee ensures the group’s strategy takes in climate-related aspects. The internal sustainability committee helps the group’s management with climate-related decision-making. Sika discloses its climate-related metrics including scope 1, 2 and 3 emissions, energy consumed, and carbon intensity. It also publishes its climate-related targets and progress against these targets. It also specifies that its carbon footprint reduction is linked to the compensation framework for the group’s management. Sika does not use any internal carbon price.

<b>Governance</b>	<b>Strategy</b>	<b>Risk management</b>	<b>Metrics and targets</b>
Description of the board’s oversight of climate-related risks and opportunities.	Description of the climate-related risks and opportunities identified over the short, medium, and long term.	Description of the organization’s processes for identifying and assessing climate-related risks.	Disclosure of the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
<b>Partially adopted</b>	<b>Partially adopted</b>	<b>Partially adopted</b>	<b>Partially adopted</b>
Description of management’s role in assessing and managing climate related risks and opportunities.	Description of the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Description of the organization’s processes for managing climate-related risks.	Disclosure of scope 1, 2 and, if appropriate, 3 GHG emissions, and the related risks.
<b>Adopted</b>	<b>Partially adopted</b>	<b>Partially adopted</b>	<b>Adopted</b>
	Description of the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Description of how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	Description the targets used by the organization to manage climate-related risks and opportunities and performance against targets.



# Sector And Region Risk

Primary sector(s)	Chemicals
Primary operating region(s)	Switzerland

## Sector Risk Summary

Sika operates in the specialty chemicals sector and is headquartered in Switzerland, with operations mostly concentrated in France, Germany, China, the U.S., and Switzerland. We consider the specialty chemicals sector as having comparatively lower direct environmental and social risks than the basic and agrichemicals sectors, and, as such, apply a different sector starting point to our analysis than the wider chemicals sector.

### Environmental exposure

The manufacturing of base chemicals, fertilizers, and industrial gases is highly energy intensive, often using hydrocarbons as feedstock. This results in significant GHG emissions. The chemicals sector is also exposed to waste, pollution, and toxicity. Air emissions other than GHGs include nitrogen oxide, sulfur oxide, and particulate matter. Even more so, solid waste pollution such as plastics, and hazardous or toxic waste, are material environmental risks. This is reflected in established regulatory oversight that has become more stringent over time. We view the agrichemicals and petrochemicals subsectors as having the highest environmental exposure, with specialty chemicals, paints, and industrial gases having lower exposure. Petrochemical production facilities are among the most energy-intensive, which in many instances leads to rising exposure to emissions regulations, as well as the risk of rising carbon and energy prices. When looking at the value chain, fertilizers and crop-protection chemicals are particularly exposed to high water use, and land and biodiversity risks, as well as climate change and physical risks. Opportunities in the chemicals sector stem from products that enable light weighting applications, ones used for water treatment and those that improve the efficiency of resources. Innovations in improving the recycling rates of plastics could also be a green development opportunity for chemical companies. Controversy related to fertilizers has arisen because of concerns about their damaging effect on ground waters, biodiversity, and human health, but they also have a role in improving yields and quality of crops.

### Social exposure

The key social risks for chemical players are product safety and employee health and safety. Product safety and human health effects can result in hefty regulatory fines, bans, and reputation damage (Bisphenol A for example). Crop-protection chemicals such as glyphosate have attracted litigation related to allegations that they are carcinogenic and harmful to human health. The major human capital risk lies in promoting workplace safety given that chemical manufacturing uses toxic chemicals and inputs and very-high-temperature processes. Companies also need to be prepared for low-probability but potentially high-impact accidents that could injure/poison employees and local communities. Such events can result in financial claims, loss of operational licenses, and community opposition. The chemicals sector is also exposed to changes in consumer behavior driven by environmental and health considerations, notwithstanding the current rising demand for chemical products notably in developed countries and their innovative applications. There has been intense scrutiny about the amount of plastic in the ocean and its effects on marine life, for example. Focusing on innovations that address consumer concerns

about environment and health is key in this sector. Consumers, notably in developed economies, are willing to pay a premium for farm produce grown without pesticides or fertilizer, which could affect demand for agrichemical products.

## Regional Risk Summary

### Switzerland

Switzerland has a strong track record of managing economic crises, and has extremely stable political institutions. It has extensive checks and balances, particularly with obligatory or facultative referenda. There is great respect for the rule of law, free flows of information, and timely and reliable data dissemination. Corporate governance requirements for publicly listed companies are based primarily on the 1911 Swiss Code of Obligations. In June 2020, the Federal Council approved amendments to the Code, which will likely enter into effect in 2022. These include the introduction of a diversity target of 30% for boards of directors and 20% for executive committees, as well as a mandatory binding vote on executive remuneration. The latter reflects the incorporation of the 2014 Swiss Ordinance against Excessive Compensation in Listed Companies. Swiss companies have a single board of directors. Separate audit and nomination committees are recommended, while compensation committees are mandatory. Nevertheless, there is much flexibility for companies to establish their governance structure of choice. The Swiss Code of Best Practice for Corporate Governance, which was first adopted in 2002, offers some high-level, non-binding guidelines. It was revised in 2014 to include a comply-or-explain principle and recommends, among others, that boards comprise a majority of independent directors. In 2016, the Swiss Coalition for Corporate Justice submitted a proposal to increase corporations' human rights and environmental protection efforts, which a referendum rejected in 2020. However, parliament approved a counterproposal by the Federal Council, which will likely lead to a mandatory vote on ESG reporting. In 2020, the Federal Council also approved guidelines for sustainable finance practices and transparency. In terms of corruption, Switzerland ranks fourth out of 189 in Transparency International's 2019 Corruption Perceptions Index.

# Related Research

- “The ESG Risk Atlas: Sector And Regional Rationales And Scores,” published July 22, 2020
- “Our Updated ESG Risk Atlas And Key Sustainability Factors: A Companion Guide,” published July 22, 2020
- “Environmental, Social, And Governance Evaluation: Analytical Approach,” published December 15, 2020
- “How We Apply Our ESG Evaluation Analytical Approach: Part 2,” published June 17, 2020

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