

# INVITATION TO EXTRAORDINARY GENERAL MEETING OF SIKA AG

Monday, June 11, 2018

3.00 p.m., at Waldmannhalle, Baar

Doors open: 2.00 p.m.

DEAR SHAREHOLDERS,

The Board of Directors is pleased to invite you to the Extraordinary General Meeting of Sika AG, to be held on Monday, June 11, 2018 at 3.00 p.m. at Waldmannhalle, Baar.

## **AGENDA AND PROPOSALS BY THE BOARD OF DIRECTORS**

### **1. CREATION OF UNITARY REGISTERED SHARES AND INTRODUCTION OF A MODERN CAPITAL STRUCTURE AS WELL AS CAPITAL REDUCTION**

**Introduction.** Since, in connection with the agreement reached with Compagnie de Saint-Gobain, Sika AG purchased 1,062,952 registered Sika shares from Schenker-Winkler Holding AG, Sika AG now proposes the creation of unitary registered shares as well as the abolishment of the opting-out and the transfer restrictions. These proposals reflect a modern corporate governance structure and allow public shareholders to exercise their shareholder rights even better. Further, the 1,062,952 registered Sika shares repurchased from Schenker-Winkler Holding AG are to be cancelled and the share capital to be reduced accordingly. The unitary registered shares will be listed on SIX Swiss Exchange.

The proposals under agenda items 1.1. (Abolishment of Opting-out), 1.2. (Creation of Unitary Registered Shares), 1.3. (Abolishment of Transfer Restrictions) and 1.4. (Capital Reduction) are contingent on each other. Thus, if the Extraordinary General Meeting does not approve one of the Board of Directors' proposals under agenda items 1.1., 1.2., 1.3. and 1.4., all proposals of the Board of Directors under agenda items 1.1., 1.2., 1.3. and 1.4. are considered rejected. If the Extraordinary General Meeting approves the proposals under agenda items 1.1., 1.2., 1.3. and 1.4., the Board of Directors will register the respective changes of the articles of association in the commercial register of the canton of Zug.

#### **1.1. Abolishment of Opting-out**

**Proposal by the Board of Directors.** Under the condition that the Extraordinary General Meeting approves the proposals by the Board of Directors under agenda items 1.2., 1.3. and 1.4., the Board of Directors proposes unanimously the abolishment of the opting-out from the articles of association and for this purpose the cancellation of § 5 of the articles of association.

**Notes.** With the abolishment of the opting-out, any shareholder exceeding 33⅓% of the votes would have to make a public tender offer for all Sika shares.

#### **1.2. Creation of Unitary Registered Shares**

**Proposal by the Board of Directors.** Under the condition that the Extraordinary General Meeting approves the proposals by the Board of Directors under agenda items 1.1., 1.3. and 1.4., the Board of Directors proposes unanimously the creation of unitary registered shares with a nominal value of CHF 0.01 each, which will be subject to the limitations of § 4 of the revised articles of association after the first entry in the share register, through (i) the conversion and split of all bearer shares with a nominal value of CHF 0.60 each into registered shares with a nominal value of CHF 0.10 each and (ii) the split of all registered shares with a nominal value of CHF 0.10 each into registered shares with a nominal value of CHF 0.01 each and the following changes to the articles of association related to the creation of unitary registered shares, whereby these changes to the articles of association shall become effective upon entry with the commercial register (entry in the journal):

a) § 2 para. 1 of the articles of association is to be changed as follows:

*The share capital amounts to CHF 1,524,106.80 and is divided into 152,410,680 registered shares with a nominal value of CHF 0.01 each.*

b) § 2 para. 4, first sub-paragraph of the articles of association is to be changed as follows:

*The share capital of the Company is increased through the issuance of a maximum of 15,589,320 fully paid-in registered shares with a nominal value of CHF 0.01 each, representing a maximum nominal value of CHF 155,893.20 by exercising option or conversion rights, which were granted on a stand-alone basis or in connection with bonds or other debt financing instruments by the Company or any of its subsidiaries. The pre-emptive right of shareholders is excluded.*

c) § 3 para. 6 of the articles of association is to be deleted.

d) § 3 para. 7 of the articles of association is to be deleted.

e) § 7.2 para. 4, fourth sub-paragraph of the articles of association is to be changed as follows:  
*Holders of registered shares entered in the share register automatically receive the business report, report of the Auditors and compensation report.*

f) § 8.1 para. 6 of the articles of association is to be deleted.

**Notes.** These changes to the articles of association lead to the creation of unitary registered shares and the implementation of the "one-share, one-vote" concept. Accordingly, all shareholders have equal rights. The changes to § 3, 7 and 8 are of formal nature and result from the elimination of the bearer shares.

### 1.3. Abolishment of Transfer Restrictions

**Proposal by the Board of Directors.** Under the condition that the Extraordinary General Meeting approves the proposals of the Board of Directors under agenda items 1.1., 1.2. and 1.4., the Board of Directors proposes unanimously the abolishment of the transfer restrictions from the articles of association and for this purpose to change the title of § 4 and § 4 para. 1 and para. 2 of the articles of association as follows:

#### 4. SHARE REGISTER

##### <sup>1</sup> Maintenance of Share Register

*The Company maintains for the registered shares a share register, in which the legal owners and usufructuaries are registered with their name and address. Vis-à-vis the Company the person who is registered in the share register is deemed to be the shareholder or usufructuary.*

##### <sup>2</sup> Fiduciary Acquisition

*The Company may deny registration in the share register if, upon the Company's request, the acquirer does not explicitly declare that the shares have been acquired in his own name and for his own account.*

**Notes.** Simultaneously with the introduction of the unitary registered shares also the transfer restrictions shall be abolished in order to fully implement the concept of "one-share, one-vote" in line with a modern corporate governance.

### 1.4 Capital Reduction

**Proposal by the Board of Directors.** Under the condition that the Extraordinary General Meeting approves the proposals of the Board of Directors under agenda items 1.1., 1.2. and 1.3., the Board of Directors proposes unanimously (i) the cancellation of the 1,062,952 registered own Sika shares with a nominal value of CHF 0.10 each (respectively 10,629,520 registered shares with a nominal value of CHF 0.01 considering the decision under resolution 1.2.), purchased from Schenker-Winkler Holding AG, (ii) the corresponding reduction of the share capital by CHF 106,295.20 to CHF 1,417,811.60 (iii) to state in accordance with the report of Ernst & Young AG that the claims of creditors are fully covered even with the reduction of share capital and (iv) the following changes to the articles of association related to the reduction of the share capital:

§ 2 para. 1 of the articles of association is to be changed as follows:

*The share capital amounts to CHF 1,417,811.60 and is divided into 141,781,160 registered shares with a nominal value of CHF 0.01 each.*

**Notes.** The registered Sika shares purchased from Schenker-Winkler Holding AG shall be cancelled. This results in a consolidation of the financial and voting rights of all shareholders.

In their report prepared for the Extraordinary General Meeting, Ernst & Young AG, the auditors of Sika AG, have confirmed that creditors' claims are fully covered despite the proposed share capital reduction. The report of the auditors is available at the offices of the company at Baarerstrasse 50, 6341 Baar. The reduction of the share capital will only be implemented after three notices to creditors have been published in the Swiss Official Gazette of Commerce in accordance with art. 733 Code of Obligations.

## 2. ELECTION

### 2.1. Election of the Board of Directors

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that Justin Howell be elected to the Board of Directors for the remaining term of office until the Annual General Meeting 2019.

**Notes.** Justin Howell is a senior Investment analyst at BMGI, the investment office of the Gates family and Bill & Melinda Gates Foundation Trust. Before joining BMGI in 2010, Justin Howell was an investment banker at Bank of America Merrill Lynch and previously an attorney at Cravath, Swaine & Moore in New York, USA. Justin Howell sits on the board of OE Holdings, Inc., a private power producer in Texas, USA. Justin Howell studied law at McGill University in Montreal, Canada. He is a Canadian citizen and lives in the USA.

### 2.2. Election of the Nomination and Compensation Committee

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that Justin Howell be elected to the Nomination and Compensation Committee for the remaining term of office until the Annual General Meeting 2019.

## 3. COMPENSATION

### 3.1. Approval of the compensation of the Board of Directors for the term of office from the 2015 Annual General Meeting until the 2016 Annual General Meeting

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that a total amount of CHF 2.87 million in compensation for the nine-member Board of Directors be approved for the term of office from the close of the 2015 Annual General Meeting until the close of the 2016 Annual General Meeting.

**Notes.** The total amount includes base compensation as well as remuneration for work on the two Board committees, and is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	1,930
Share-based compensation <sup>2</sup>	725
Social security contributions <sup>3</sup>	215
<b>Total</b>	<b>2,870</b>

<sup>1</sup> Includes base compensation, committee remuneration and lump-sum representation expenses (Chairman of the Board of Directors).

<sup>2</sup> Market value on grant date (start of year of office, 2015 Annual General Meeting; § 11 para. 3 section 2 of the articles of association). The figure given here does not reflect any change in share price between the grant date and definitive allocation after the approval by the Extraordinary General Meeting.

<sup>3</sup> Includes employer contributions to social security in respect of fixed and share-based compensation (based on market value on grant date).

Approval of the proposed amount of compensation for members of the Board of Directors is in accordance with art. 11 of the Articles of Association and the Ordinance against Excessive Compensation in Listed Companies. Further details on the principles of compensation for the Board of Directors can be found in the 2015 and 2016 Compensation Reports (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications).

### 3.2. Approval of the compensation of the Board of Directors for the term of office from the 2016 Annual General Meeting until the 2017 Annual General Meeting

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that a total amount of CHF 2.87 million in compensation for the nine-member Board of Directors be approved for the term of office from the close of the 2016 Annual General Meeting until the close of the 2017 Annual General Meeting.

**Notes.** The total amount includes base compensation as well as remuneration for work on the two Board committees, and is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	1,930
Share-based compensation <sup>2</sup>	725
Social security contributions <sup>3</sup>	215
<b>Total</b>	<b>2,870</b>

<sup>1</sup> Includes base compensation, committee remuneration and lump-sum representation expenses (Chairman of the Board of Directors).

<sup>2</sup> Market value on grant date (start of year of office, 2016 Annual General Meeting; § 11 para. 3 section 2 of the articles of association). The figure given here does not reflect any change in share price between the grant date and definitive allocation after the approval by the Extraordinary General Meeting.

<sup>3</sup> Includes employer contributions to social security in respect of fixed and share-based compensation (based on market value on grant date).

Approval of the proposed amount of compensation for members of the Board of Directors is in accordance with art. 11 of the Articles of Association and the Ordinance against Excessive Compensation in Listed Companies. Further details on the principles of compensation for the Board of Directors can be found in the 2016 and 2017 Compensation Reports (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications).

### **3.3. Approval of the compensation of the Board of Directors for the term of office from the 2017 Annual General Meeting until the 2018 Annual General Meeting**

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that a total amount of CHF 2.9 million in compensation for the nine-member Board of Directors be approved for the term of office from the close of the 2017 Annual General Meeting until the close of the 2018 Annual General Meeting.

**Notes.** The total amount includes base compensation as well as remuneration for work on the two Board committees, and is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	1,930
Share-based compensation <sup>2</sup>	750
Social security contributions <sup>3</sup>	220
<b>Total</b>	<b>2,900</b>

<sup>1</sup> Includes base compensation, committee remuneration and lump-sum representation expenses (Chairman of the Board of Directors).

<sup>2</sup> Market value on grant date (start of year of office, 2017 Annual General Meeting; § 11 para. 3 section 2 of the articles of association).  
The figure given here does not reflect any change in share price between the grant date and definitive allocation after the approval by the Extraordinary General Meeting.

<sup>3</sup> Includes employer contributions to social security in respect of fixed and share-based compensation (based on market value on grant date).

Approval of the proposed amount of compensation for members of the Board of Directors is in accordance with art. 11 of the Articles of Association and the Ordinance against Excessive Compensation in Listed Companies. Further details on the principles of compensation for the Board of Directors can be found in the 2017 Compensation Report (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications).

### **3.4. Approval of the compensation of the Board of Directors for the term of office from the 2018 Annual General Meeting until the 2019 Annual General Meeting**

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that a maximum total amount of CHF 2.53 million in compensation for the nine- (until May 11, 2018) respectively seven-member Board of Directors be approved for the term of office from the close of the 2018 Annual General Meeting until the close of the 2019 Annual General Meeting.

**Notes.** The proposed maximum amount was reduced compared to the maximum amount proposed for the previous year at the 2017 Annual General Meeting as the Board of Directors is newly composed of seven members only. The total amount includes base compensation as well as remuneration for work on the two Board committees, and is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	1,700
Share-based compensation <sup>2</sup>	650
Social security contributions <sup>3</sup>	180
<b>Total</b>	<b>2,530</b>

<sup>1</sup> Includes base compensation, committee remuneration and lump-sum representation expenses (Chairman of the Board of Directors).

<sup>2</sup> Market value on grant date (start of year of office, 2018 Annual General Meeting; § 11 para. 3 section 2 of the articles of association).  
The figure given here does not reflect any change in share price between the grant date and definitive allocation (end of year of office, 2019 Annual General Meeting).

<sup>3</sup> Includes expected employer contributions to social security in respect of fixed and share-based compensation (based on market value on grant date).

The compensation actually paid will be disclosed in the 2018 and 2019 Compensation Reports, which will be submitted to shareholders for a consultative vote.

Approval of the maximum total amount of compensation for members of the Board of Directors is in accordance with art. 11 of the Articles of Association and the Ordinance against Excessive Compensation in Listed Companies. Further details on the principles of compensation for the Board of Directors can be found in the 2017 Compensation Report (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications).

#### **4. GRANTING DISCHARGE TO THE ADMINISTRATIVE BODIES**

##### **4.1. Granting discharge to the Board of Directors**

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that the current and retired members of the Board of Directors be discharged, in particular for the time period from the business year 2014 until this Extraordinary General Meeting.

**Notes.** The discharge to the members of the Board of Directors for the business years 2014, 2015, 2016 and 2017 was either not granted or only granted with reservations. For this reason, all members of the Board of Directors should now be fully and unconditionally discharged, which should in particular include the time period from the business year 2014 up to this Extraordinary General Meeting.

##### **4.2. Granting discharge to the Group Management**

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that the members of the Group Management be discharged, in particular for the time period from the business year 2014 until this Extraordinary General Meeting.

**Notes.** The discharge to the members of the Group Management for the business years 2014, 2015, 2016 and 2017 was only granted with reservations. For this reason, all members of the Group Management should now be fully and unconditionally discharged, which should in particular include the time period from the business year 2014 up to this Extraordinary General Meeting.

#### **5. WITHDRAWAL OF SPECIAL EXPERTS**

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously to withdraw with immediate effect the special expert committee, composed of Messrs. Peter Montagnon, Jörg Walther und Jörg Riboni, which was established by the Annual General Meeting of April 14, 2015 pursuant to art. 731a para. 3 Code of Obligations.

**Notes.** In light of the agreement reached between Sika AG and Compagnie de Saint-Gobain and the purchase by Sika AG of the 1,062,952 registered Sika shares from Schenker-Winkler Holding AG, a review and investigation of the future conduct of business of Sika AG and its subsidiaries relating to Schenker-Winkler Holding AG and/or Compagnie de Saint-Gobain and their affiliates and other closely related persons has become obsolete.

If the Extraordinary General Meeting approves the withdrawal of the special expert committee, the special experts will terminate their activities immediately.

## FURTHER INFORMATION

**Attendance at the Extraordinary General Meeting.** Only those holders of registered shares entered in the share register as at June 6, 2018 are entitled to vote at the Extraordinary General Meeting. Individual admission cards will be sent to them two weeks prior to the Extraordinary General Meeting. No further registrations of voting rights will be carried out in the period from June 7 to June 11, 2018. Registered shareholders who were registered with voting rights as at June 7, 2018, but who sold their shares prior to the Extraordinary General Meeting, lose their shareholder rights in respect of the shares sold. At the entrance, they will receive a new admission card corresponding to their current holding of shares.

Holders of bearer shares wishing to attend, or have themselves represented at, the Extraordinary General Meeting may obtain their admission card from their custodian bank between May 19, 2018 and June 6, 2018 at the latest. Holders of bearer shares who have not deposited their shares with a custodian bank will receive their admission card directly at the Extraordinary General Meeting upon presentation of their shares or share certificates.

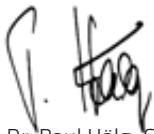
The custodian banks will obtain the admission cards through Computershare Schweiz AG, Sika AG, P.O. Box, CH-4601 Olten, phone +41 62 205 77 50, fax +41 62 205 77 91, e-mail: generalversammlung@computershare.ch, by submitting a blocking confirmation and will then send the admission cards to the shareholders. The shares in question will remain blocked until after the end of the Extraordinary General Meeting.

**Representation by proxy at the Extraordinary General Meeting.** Shareholders not attending the Extraordinary General Meeting in person may appoint a proxy. Shareholders wishing to appoint the independent proxy Mr. Jost Windlin, attorney-at-law and notary, Zwicky, Windlin & Partner, are requested to submit their admission card, including power of attorney and written voting instructions, to Computershare Schweiz AG, Sika AG, P.O. Box, CH-4601 Olten, at the latest by 12.00 p.m. (noon) on June 8, 2018.

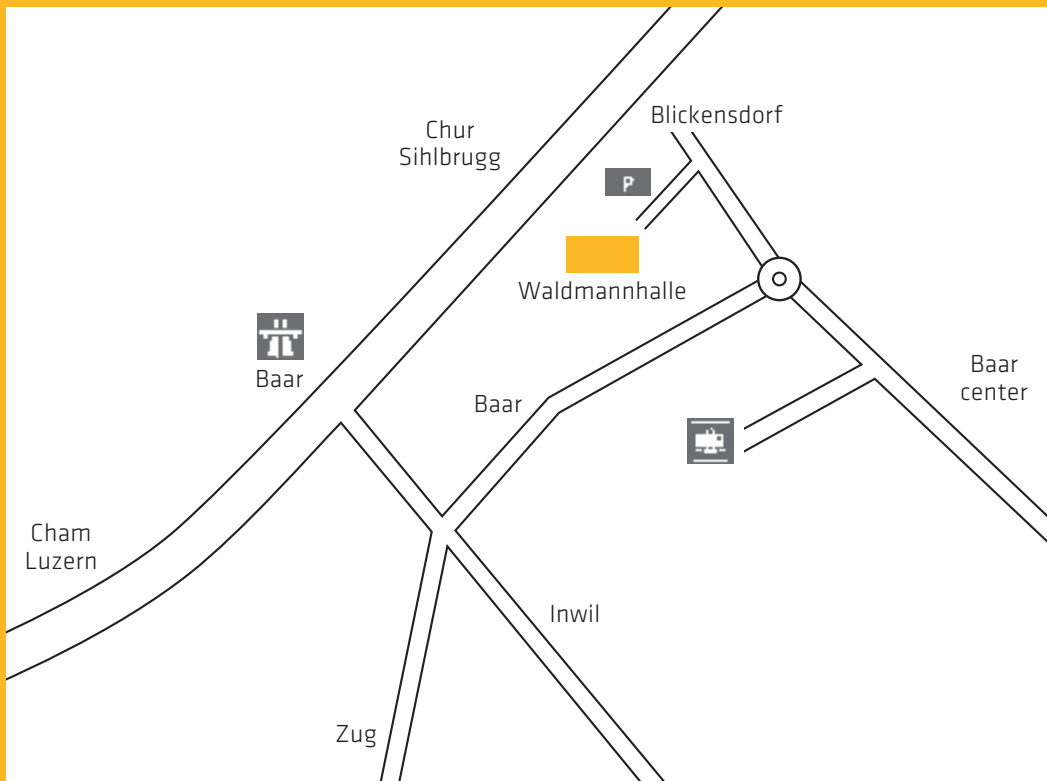
**Remote electronic voting by issuing authorizations and instructions to the independent proxy.** Shareholders may cast their votes remotely by issuing electronic authorizations and instructions to the independent proxy at investor.sherpany.com. The necessary login data is enclosed with the meeting materials supplied to shareholders. Shareholders thus have the option of voting in person, through a proxy, or remotely by issuing electronic authorizations and instructions to the independent proxy. Shareholders may use the online proxy voting, or change any instructions they may have issued electronically, up to but no later than 11.59 p.m. on Saturday, June 9, 2018.

Baar, May 18, 2018

Sincerely  
Sika AG  
On behalf of the Board of Directors



Dr. Paul Hälg, Chairman



#### **VENUE**

Waldmannhalle, Neugasse 55, 6340 Baar

#### **CATERING**

At the end of the event, you are invited to drinks and a selection of dishes.

#### **HOW TO GET THERE**

By car:

Exit A4a, direction Baar

By public transport:

Take the S-Bahn from Zurich, Zug or Lucerne to Baar. Doors open at 2.00 p.m. (noon). Between 1.30 p.m. and 2.45 p.m. a bus service will be provided from Baar station. A return service will be available until the end of the event.