

GRI INDEX

2013

# SUSTAINABILITY AT A GLANCE

ECONOMIC PERFORMANCE:

**OPERATING  
PROFIT (EBIT)  
ABOVE 10%  
OF NET SALES**

SUSTAINABLE SOLUTIONS:

**ALL NEW  
PRODUCT  
DEVELOPMENTS  
ASSESSED, ALL  
LOCAL KEY  
PROJECTS  
IMPLEMENTED**

ENERGY:

**3% LESS  
ENERGY  
CONSUMPTION  
PER TON AND  
YEAR**

LOCAL COMMUNITIES/SOCIETY:

**5% MORE  
PROJECTS PER  
YEAR**

WATER/WASTE:

**3% LESS WATER  
CONSUMPTION AND  
WASTE PER TON  
AND YEAR**

OCCUPATIONAL SAFETY:

**5% LESS  
ACCIDENTS  
PER YEAR**

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March 4, 2014

The information contained in this report has been prepared in accordance with the GRI G4 guidelines option “core”. This is Sika’s first GRI report and covers the calendar year of 2013. Sika will continue reporting on an annual basis.



# GENERAL STANDARD DISCLOSURES

# GENERAL STANDARD DISCLOSURES

## G4-1: STRATEGY AND ANALYSIS

**“We are committed to pioneering sustainable solutions to address global challenges, and to achieve this safely with the least impact on resources”**

Sika has been successful as a technology company for more than 100 years. Over this long time, sustainability has always been a core element of the company’s strategy and for the majority shareholders, the founder’s family. Throughout these years, the entrepreneurial spirit, the innovative power, the cautious financial conduct, the risk balancing approach, and also the care for people and the environment have turned the company into a global business with sales of more than five billion Swiss francs and a deep-rooted presence in more than 80 countries.

Today, the word “sustainability” has certainly taken on a much wider meaning, bridging economic health, social accountability and environmental responsibility. In addition, we regard legal and regulatory compliance, anti-corruption regulations and human rights as the foundations of our business wherever we operate. And we are working to build trust and create value with communities and societies, because we believe this will be to our mutual benefit.

## GLOBAL CHALLENGES

However, this is not enough, because the world and societies face challenges which businesses also need to actively address. Climate change, population growth, energy costs, raw materials and water shortages – these are some of the global megatrends and challenges that are set to change the markets in the years and decades ahead. At the same time, these challenges will act as powerful drivers for novel technologies and solutions. Markets will therefore demand solutions that are different from traditional ways of building and construction, infrastructure or mobility.

## SUSTAINABILITY AS BUSINESS DRIVER

In this sense, Sika regards sustainability as a business enabler and business driver, with growing relevance in our construction and transportation target markets. We strive to be an industry leader by pioneering a portfolio of sustainable products, systems and services. These products and systems are designed for energy, material, water efficiency, durability and safe use. Leadership and innovations in technology and sustainability are core elements of the Sika strategy.

On the other hand, we strive to improve our own environmental and safety footprint, reducing energy, water and material demand per product unit, and work without injuries. To achieve these ambitions, we set mid-term targets for safety and efficiency, holding line management responsible for implementation. As a basis, Sika honors the principles of the UN Global Compact and has adopted the widely used GRI system for its reporting activities.

## VALUE CREATION

Sustainability has long been in the center of our identity, and continues to be a core element with a wider meaning for the years ahead. We are committed to continuously measuring, improving, reporting and communicating sustainable value creation.

## STRATEGY AND TARGETS 2014–2018 (FIVE-YEAR STRATEGY)

Using the GRI G4 Guidelines, the following five criteria have been established to measure the sustainability performance of Sika:

- **Relevance:** Sustainability is a business enabler, business driver, and brand message, relevant in construction and transportation.
- **Compliance:** Legal and regulatory compliance, anti-corruption and human rights in the supply chain are the foundations of our business wherever we operate.
- **Increase Value:** Leading the industry by pioneering a portfolio of sustainable products, systems and services for energy, material, water efficiency, durability and safe use.
- **Reduce Impacts:** We improve our environmental and safety footprint, reducing energy, water and material demand per product unit, and work without injuries.
- **Social Progress and Integration:** We build trust and create value with communities and society.

To integrate with other stakeholders and to reinforce our commitments, we have been signing on to the UN Global Compact, and hold a World Business Council for Sustainable Development (WBCSD) membership

#### **G4-3: NAME OF THE ORGANIZATION**

Sika AG

#### **G4-4: ORGANIZATIONAL PROFILE - PRIMARY BRANDS, PRODUCTS, AND SERVICES**

The umbrella brand Sika together with some 685 Sika product trademarks sharpen the company's competitive edge. Hence the crucial role of trademark protection as a management task performed both globally, at Group level, and locally, at national level. In total, Sika held 9 477 (Update number for 2013) trademark registrations in 160 countries at the end of 2013. Sika AG continuously monitors its trademarks and takes consistent legal action in cases of infringement.

Sika as a strong brand itself provides numerous brand families, all of which enjoy high brand awareness. Often they not only stand for the product itself but even give a name to a whole product category. Below you can see our most famous worldwide brands. For more details about local products, please choose your country.

- Sika MaxTack®: Brand new power grab adhesive
- Sikaflex®: Polyurethane-based sealants for a wide range of sealing applications.
- Sikasil®: Silicone sealants for all types of applications.
- Sika Boom®: Professional polyurethane-foam-range for sealing, bonding and damping.
- SikaBond®: Bonding solutions for all your needs.
- Sikalastic®: Liquid applied waterproofing systems.
- Sikagard®: Professional solutions for cleaning and protection.
- Sika AnchorFix®: Sika solutions for all types of anchoring applications.
- Sikadur®: Our strong and long lasting epoxy-based adhesives.
- Sikafloor®: Strength and beauty - combined in our Sikafloor products.
- Sika® ViscoCrete®: Sika admixtures that bring innovative options to concrete mix design.
- Sikafloor®: Flooring systems which contribute to higher process reliability and effectiveness.
- Sarnafil® and Sikaplan®: Long lasting thermoplastic roofing membranes and solutions.

#### **G4-5: LOCATION OF THE ORGANIZATION'S HEADQUARTERS**

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www.sika.com

#### **G4-6: COUNTRIES WHERE THE COMPANY OPERATES**

Please see Annual Report 2013 (full version), page 112ff  
[www.sika.com/en/group/Publications/annual\\_reports01/2013.html](http://www.sika.com/en/group/Publications/annual_reports01/2013.html)

#### **G4-7: NATURE OF OWNERSHIP AND LEGAL FORM**

Sika AG, Public Company, listed on the Swiss Stock Exchange

## G4-8: MARKETS SERVED

### CUSTOMERS

The breakdown into seven target markets allows Sika to sharpen its customer focus, optimize its technical market support activities and concentrate its research and development operations on key areas.

### TARGET MARKETS

As global market leader in the construction chemicals sector, Sika continuously leverages new growth potential in all its target markets through innovation, quality and service. It provides its customers with innovative solutions that boost the efficiency, durability and esthetic appeal of buildings, infrastructure facilities, installations and vehicles throughout production and use. Close attention is paid to product safety, easy application and total cost management.

The fully integrated concepts offered by Sika address the entire life cycle of a facility, from design and initial construction up to the point in time when repair, refurbishment or extension become necessary. The prolongation of a facility's service life, through appropriate maintenance and modernization, makes sense from both an economic and an environmental point of view.

Sika's seven target markets are:

### CONCRETE

Sika develops and markets numerous admixtures and additives for use in concrete, cement and mortar production. These products enhance specific properties of the fresh or hardened material, such as workability, durability, or early and final strength. The demand for admixtures and additives is currently on the rise, particularly due to the increased performance requirements placed on concrete, cement and mortar and the growing use of alternative cementitious materials.

### WATERPROOFING

Sika's solutions cover the full complement of technologies used for below-ground waterproofing: flexible membrane systems, liquid applied membranes, waterproofing concrete admixtures, joint sealings, waterproof mortars, injection grouts and coatings. Key market segments include basements, underground parking facilities, tunnels and all other types of water-retaining structures (e.g. reservoirs, storage basins, storage tanks). Watertight systems are faced with more stringent requirements regarding durability and proven long-term performance. Therefore product quality is becoming increasingly important.

### ROOFING

Sika provides a full range of single-ply and built-up flat roofing systems incorporating both flexible sheet and liquid applied membranes. Demand in this segment is driven by the need for long-lasting, energy-saving solutions such as green roof systems, light-reflective cool roofs and solar roofs, which simultaneously help to cut CO<sub>2</sub> emissions. While refurbishment projects continue to gain significance in the mature markets, the emerging markets are moving towards higher quality roof solutions.

### FLOORING

Sika's solutions include all types of floor coatings needed for industrial and commercial buildings, such as pharmaceutical and food-industry facilities, production plants, educational establishments, parking decks and residential properties. Each market segment is subject to its own particular requirements in terms of mechanical wear, antistatic performance, slip resistance, aesthetic impact, and chemical or fire resistance. Dominant trends in the flooring market include the growing importance of custom-developed technical solutions, the increase in building refurbishment contracts and stricter country-specific environmental regulations.

### SEALING & BONDING

Sika's wide-ranging portfolio includes top-class elastic sealing and bonding solutions to meet all job site needs, e.g. joint sealants for façades or resistant sealants for floor and special joints as well as multipurpose bonding solutions for interior finishings or parquet installation. The growing demand in this market is fueled by the sharper focus on energy-efficient building envelopes, the ever greater variety of materials used in construction, the increasing volume of high-rise projects and the growing significance of health, safety and environmental issues.

### REFURBISHMENT

This segment features concrete protection and repair solutions, e.g. repair mortars, protective coatings, grouts and structural strengthening systems. Market trends are dictated by the rising quality requirements placed on products and services, with global customers expecting uniform standards worldwide. The present uptrend in demand is attributable to a rising volume of infrastructure rehabilitation projects in the transport, water management and energy sectors.

### INDUSTRY

The markets served by Sika include automobile construction, the commercial vehicle industry (structural bonding, direct glazing, acoustic systems, reinforcing systems), automotive aftermarket (car glass replacement, car body repair), renewable energies (solar and wind), and façade engineering (structural glazing, sealing of insulating glass units). The increasing market penetration of Sika technologies is particularly noticeable in the commercial vehicle manufacturing and automotive aftermarket sectors. In the car-

making industry there is a constantly growing demand for products that enable the design of lightweight vehicles. Manufacturers are also seeking solutions that save time and costs.

#### G4-9: SCALE OF THE ORGANIZATION

##### PAGE IN ANNUAL REPORT 2013

Number of employees	p. 43
Group Companies	p. 112-115
Net sales	p. 3
Total capitalization	p. 65
Risk Management	p. 10
Group strategy	p. 20

#### G4-10: EMPLOYEES

The total number of employees at the end of the reporting period was 16,293.

Female employees in the Group account for around 21% of the total workforce (EMEA and APAC: 21%, North America: 20%, LATAM: 23%).

REGION	% OF TOTAL WORKFORCE
EMEA	54
APAC	23
LATAM	14
North America	9

The portion of self-employed workers is not significant. Due to the seasonality of the construction business slight increases in the workforce during summer months in the Northern hemisphere may happen in some years. Sika employs temporary labor to adapt to peak demand.

ITEM	% OF TOTAL WORKFORCE
<b>Age Groups</b>	
< 30 years	17.3
30-50 years	62.0
> 50 years	20.7
<b>Contract</b>	
Full time	96.1
Part time	3.9
Permanent	93.6
Temporary	5.3
Apprenticeship / internship	1.1
<b>Male employees</b>	<b>78.6</b>
Local Company management team	4.3
Middle management	11.7
Staff (clerks, lab, production staff incl. shift team leaders)	62.5
<b>Female employees</b>	<b>21.4</b>
Local Company management team	0.8
Middle management	2.4
Staff (clerks, lab, production staff incl. shift team leaders)	18.3

#### G4-11: EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

In the reporting year, Sika did not have data available regarding the percentage of total employees covered by collective bargaining agreements. However, in many big countries e.g. USA, Germany, France etc., collective bargaining agreements for workers are the rule, and the majority of workers are covered in these geographies. The company is working to make estimates for the next reporting period.

#### **G4-12: SUPPLY CHAIN**

Sika sources raw materials both locally and internationally. Some materials are only available from international suppliers and have to be imported. In Sika factories these raw materials are converted into higher value goods, usually through mixing, blending, compounding and suitable form-giving. From Sika's finished goods warehouses, products are distributed within the respective country and exported.

Sika today collaborates with > 25,000 active suppliers, out of > 70,000 supply locations, for both local and global sourcing. The company strives to work together with local suppliers where possible, to reduce lead time, risk, and transport, as well as to increase availability and quality.

Sika's purchasing spend correspond to nearly 60% of total sales and is comprised of direct materials and indirect materials and services.

Total global spend for direct materials and trading goods amounts to CHF 2,080 million at average exchange rates for the year 2013. The regional split for direct materials is as follows: EMEA 54%; APAC 17%; North America 18% and LATAM 11%.

Total spend for indirect materials and services amounts to another CHF 1,000 million at average exchange rates for the reporting year.

#### **G4-13: SIGNIFICANT CHANGES IN SIZE, STRUCTURE, OWNERSHIP OR SUPPLY CHAIN**

##### ACQUISITIONS IN 2013

Sika made several acquisitions in 2013 and therefore gained further offices and manufacturing sites:

- Sika acquired the remaining 24.5% of Dyflex HD Co., Ltd. as of January 7, 2014 and achieves 100% ownership. The complete take-over further strengthens Sika's position in the Japanese construction market.
- Sika completed the acquisition of AkzoNobel's Building Adhesives business on October 1, 2013. The deal was announced on August 8, 2013.
- Sika acquired Everbuild Building Products Ltd, UK's largest independent manufacturer of sealants, adhesives and construction chemicals. Everbuild is located in Leeds and runs a manufacturing facility for the full range of construction chemical products with laboratories and a logistic hub.
- Sika acquired JMTexsa, S.A. de C.V. of Mexico and Texsa India Ltd, two leading manufacturers of waterproofing membranes. The companies produce bituminous waterproofing membranes for the roofing market. The two factories - one in Altamira, Mexico, the other in Jaipur, India - will reinforce Sika's regional supply chains and provide an excellent base from which to develop and expand the markets in neighboring emerging economies.
- Sika acquired the Australian company Radmix Resources Pty Ltd and its manufacturing partner ASF (Australian Synthetic Fibres) Pty Ltd. Radmix is the leading supplier of structural fibres for shotcrete in Australia's mining industry.
- Sika agreed to acquire LCS Optiroc Pte Ltd. in Singapore and LCS Optiroc SDN. BHD in Malaysia, a leading manufacturer of cementitious powder products.
- Sika is acquiring two established factories in Singapore and in Malaysia, which will reinforce the regional supply chain. The acquisition will enable Sika to take a big step forward in the Singapore construction market, significantly increasing sales volume and gaining a local manufacturing base.

##### NEW PRODUCTION FACILITIES IN 2013

The Sika location in Norwich, UK has been closed, and the operations were moved to Sika UK, Welwyn Garden City. In 2013 the following Sika production facilities were opened:

- Laos, Vientiane, March 2013
- 3rd production site in Russia, St. Petersburg, March 2013
- 4th production site in Colombia, Barranquilla, May 2013
- Irak, Erbil, June 2013
- 2nd production site in South Africa, Johannesburg, June 2013
- Ukraine, Kiev, June 2013
- 11th production site in China, Chongqing, August 2013
- 2nd production site in Vietnam, Hanoi, September 2013
- Angola, Luanda, November 2013

#### **G4-14: PRECAUTIONARY APPROACH OR PRINCIPLE**

Sika employs a risk-based management approach for its own operations, the supply chain and the products it sells and distributes. Major operations are regularly screened by experts according to loss prevention methodology, in some cases together with the insurers. Results are translated into improvement plans together with the management. This results in an overall low loss rate due to events such as major supply disruptions, and ensures that customers can rest assured they will receive their goods from Sika.

Through various audits and inspections of its own operations and suppliers as well as external audits by customers and certification bodies in Sika facilities, the company adheres to a preventative approach and to continuous improvement. Sika companies are certi-

fied to the international management system standards ISO 14001 (Environmental Management), ISO 9001 (Quality Management) in all operations, aspires to fully implement OHSAS 18001 (Occupational Health and Safety Assessment) in major operations, and is starting to introduce ISO 50001 (Energy Management) in the bigger facilities.

On the side of products and services, Sika follows a Product Development Process to manage functional, safety, environmental, and commercial product risks. Regarding the life cycle of commercial products, Sika runs a comprehensive Product Stewardship approach, to prepare customer instructions, information on proper use, registration, labelling, packaging and transportation, disposal, as well as improvement of product groups. Sika actively assumes responsibility for sustainability along the entire supply chain, from supplier qualification to production and distribution to the use phase of its products.

#### **G4-15: ECONOMIC, ENVIRONMENTAL AND SOCIAL CHARTERS, PRINCIPLES, AND OTHER INITIATIVES**

Sika commits itself to genuinely added sustainable value along the entire value chain. Sika's principles are the foundation for strategic management. The company is committed to aligning its operations and strategies with the universally accepted principles in the areas of human rights, labor, environment and anti-corruption established by the United Nations Global Compact Initiative. Furthermore, Sika is a member of manifold industry associations and initiatives on the local, national and multi-national level (list not comprehensive):

- World Business Council for Sustainable Development
- Responsible Care
- United Nations Global Compact
- Carbon Disclosure Project
- Green Building Councils
- Network Sustainable Construction Switzerland.

#### **G4-16: ASSOCIATIONS**

Sika is member of manifold industry associations and initiatives on local, national and multi-national level where the company holds a position on the board or actively participates in projects or committees. Here an extract:

<b>ASSOCIATION:</b>	<b>ACRONYM</b>	<b>WEBSITE</b>
American Chemistry Council	ACC	<a href="http://www.americanchemistry.com">www.americanchemistry.com</a>
American High Performance Building Coalition	AHPBC	<a href="http://www.betterbuildingstandards.com">www.betterbuildingstandards.com</a>
Spanish National association for Concrete and Mortar Additive Manufacturers	ANFAH	<a href="http://www.anfah.org">www.anfah.org</a>
Portuguese Association of Paint Producers	APFAC	<a href="http://www.apfac.pt">www.apfac.pt</a>
Spanish National association of Industrial Mortar Manufacturers	ANFAPA	<a href="http://www.anfapa.com">www.anfapa.com</a>
Spanish National Association of Concrete Repair, Protection and Reinforcement Association	ANI	<a href="http://www.ani.es">www.ani.es</a>
Portuguese Association of Paints	ARPHO	<a href="http://www.arpho.org">www.arpho.org</a>
Adhesive and Sealant Council	APT	<a href="http://www.aptintas.pt/Index.aspx">www.aptintas.pt/Index.aspx</a>
American Society of Testing Materials	ASC	<a href="http://www.ascouncil.org">www.ascouncil.org</a>
British Adhesives and Sealants Association	ASTM	<a href="http://www.astm.org">www.astm.org</a>
British Precast Concrete Federation	BASA	<a href="http://www.basaonline.co.uk">www.basaonline.co.uk</a>
Cement Admixtures Association	BPCF	<a href="http://www.britishprecast.org">www.britishprecast.org</a>
Center for Environmental Innovation in Roofing (US)	CAA	<a href="http://www.admixtures.org.uk">www.admixtures.org.uk</a>
European Paint and Printing Ink Council	CEIR	<a href="http://www.roofingcenter.org">www.roofingcenter.org</a>
Chemical Fabrics and Film Association	CEPE	<a href="http://www.cepe.org">www.cepe.org</a>
Italian National Research Council	CFFA	<a href="http://www.chemicalfabricsandfilm.com">www.chemicalfabricsandfilm.com</a>
Italian National Association of Industrial Flooring	CNR	<a href="http://www.cnr.it">www.cnr.it</a>
Concrete Society	CONPAVIPER	<a href="http://www.conpaviper.it">www.conpaviper.it</a>
Deutsche Bauchemie	CS	<a href="http://www.concrete.org.uk">www.concrete.org.uk</a>
German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.)	DBC	<a href="http://www.deutsche-bauchemie.de">www.deutsche-bauchemie.de</a>
European Federation of Concrete Admixtures Association	DGNB	<a href="http://www.dgnb.de">www.dgnb.de</a>
	EFCA	<a href="http://www.efca.info">www.efca.info</a>

ASSOCIATION:	ACRONYM	WEBSITE
European Federation for Construction Chemicals	EFCC	www.efcc.eu
Hellenic Organization for Standardization	ELOT	www.elot.gr
European Single Ply Waterproofing Association	ESWA	www.eswa.be
Association of European Adhesive and Sealant Industry	FEICA	www.feica.com
Forschungsgesellschaft für Straßen- und Verkehrswesen	FGSV	www.fgsv.de
Fachverband Schweizerischer Hersteller von Betonzusatzmitteln	FSHBZ	www.fshbz.ch
Hellenic Association of Chemical Industries	HACI	www.haci.gr
UK Liquid Roofing & Waterproofing Association	LRWA	www.lrwa.org.uk
National Federation of Roofing Contractors, UK	NFRC	www.nfrc.co.uk
Polyurea Development Association Europe (Italian Committee)	PDA Europe	www.pda-europe.org
Spanish Technology Platform for Construction	PTEC	www.construccion2030.org
Swiss Plastics	–	www.swiss-plastics.ch
Swiss Engineer and Architect Association	SIA	www.sia.ch
Single Ply roofing Association	SPRA	www.spra.co.uk
Single Ply Roofing Industry	SPRI	www.spri.org
Verband der deutschen Lack- und Druckfarbenindustrie e.V.	VdL	www.lackindustrie.de

#### G4-17: FINANCIAL STATEMENTS

See <http://www.sika.com/en/group/investors/FinancialReportsandMediaReleases.html>

#### G4-18: REPORT CONTENT

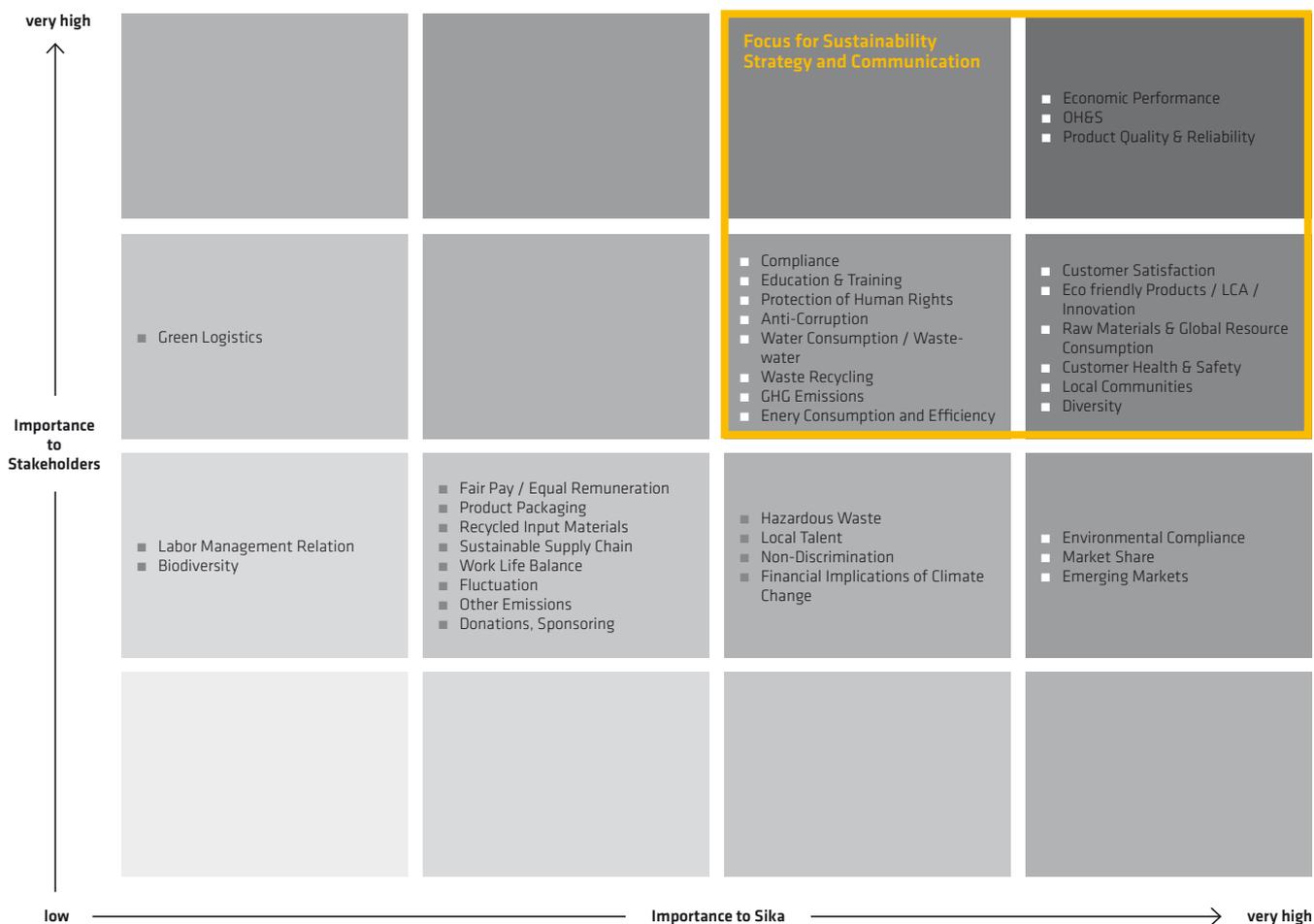
The key topics to be included in Sika's sustainability reporting were defined through the following activities:

As a first step Sika developed a long list of potential material topics, reflecting the sustainability impacts of Sika's operations along the entire value chain, by taking into account:

- GRI G4 aspects
- Desk-top research of peers, customers and suppliers
- Expert knowledge

The boundaries of the aspects/topics were defined through expert consultation and internal workshops. The relative importance of the topics was rated according to the two criteria "influence on stakeholder assessments and decisions" (importance to stakeholders) and "significance of economic, environmental and social impacts" (importance to Sika).

The prioritization from a stakeholder perspective was determined through specific stakeholder engagement activities. The prioritization with regard to "significance of economic, environmental and social impacts" was determined through the results of a series of workshops with Sika management and internal and external sustainability experts, taking into account the impacts along Sika's entire value chain. The identified material aspects and topics were validated with Sika's Group Management and the Board of Directors.



#### SUSTAINABILITY CONTEXT

The sustainability contexts in which Sika operates at global as well as local level were taken into account when determining the long list of relevant topics as well as during the prioritization activities.

#### MATERIALITY

The materiality of the topics was defined by taking into account:

- The main sustainability topics raised by Sika's stakeholders (see G4-24-27)
- The relevance for Sika's core business
- Potential reputational impacts
- Potential of Sika to influence/impact the topic
- Relevant laws and regulations
- Sika's risk management

#### COMPLETENESS

The report takes into account all significant impacts of Sika along its value chain. The reporting processes ensure that the data collected includes the results from all entities where significant impacts occur with regard to material topics.

#### STAKEHOLDER INCLUSIVENESS

The stakeholder inclusiveness was implemented by taking into account the stakeholder views resulting from the stakeholder engagement activities. (see Stakeholder engagement).

#### G4-19/20/21: ASPECTS OF MATERIAL IMPORTANCE TO SIKA

The following aspects have been identified as material for Sika in the process for defining the report content. The impacts of the different aspects occur within Sika's operations along or as indicated in the table below also downstream or upstream in Sika's value chain. Also see "Report boundary and scope" for boundaries regarding the different aspects.

Corresponding GRI Aspects	Upstream	Sika	Downstream
Economic Performance		■	■
Materials	■	■	■
Energy	■	■	■
Water	■	■	■
Emissions	■	■	■
Effluents and Waste	■	■	■
Products and Services	■	■	■
Occupational Health and Safety	■	■	
Training and Education		■	■
Diversity and Equal Opportunity	■	■	
Human Rights Assessment (own entities)		■	
Human Rights Supplier Assessment	■	■	
Local Communities		■	■
Anti-Corruption	■	■	■
Compliance / Environmental Compliance (Legal, EHS)	■	■	
Customer Health and Safety		■	■
Customer Satisfaction		■	■
Product Quality and Reliability	■	■	■

The aspects to be identified as material for Sika also impact entities outside the organization along its value chain, upstream and downstream on a global scale. The most relevant upstream entities on which the aspects have an impact are raw material and trading product suppliers (except Diversity and Equal Opportunity: temporary employment agencies). Downstream the value chain, the aspects are material for building-systems customer groups such as owners, architects, designers, specifiers and contractors, cement and concrete customers and automotive customers.

Material aspect	Upstream	Geographies	Downstream
Economic Performance	None	Globally	None
Materials	Raw material suppliers, (trading product suppliers)	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers;
Energy	Raw material suppliers, (trading product suppliers)	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors
Water	Raw material suppliers, (trading product suppliers)	Globally	Cement and concrete customers;
Emissions	Raw material suppliers, (trading product suppliers)	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors
Effluents and Waste	Raw material suppliers, (trading product suppliers)	Globally	Customers of building systems like contractors
Products and Services	Raw material suppliers, (trading product suppliers)	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors
Occupational Health and Safety	Raw material suppliers, trading product suppliers	Globally	None
Training and Education	None	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors
Diversity and Equal Opportunity	Temporary employment agencies	Globally	None
Human Rights Assessment (own entities)	None	Globally	None
Human Rights Supplier Assessment	Raw material suppliers, trading product suppliers	Risk and high risk countries based on Human Rights Risk Map	None
Local Communities	None	Globally, but more relevant in emerging countries	All non-commercial stakeholder groups of local companies
Anti-Corruption	Raw material suppliers, trading product suppliers	Globally, but focus on risk and high risk countries based on Human Rights Risk Map	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors
Compliance / Environmental Compliance (Legal, EHS)	Raw material suppliers, trading product suppliers	Globally	None
Customer Health and Safety	None	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors
Product and Service Labelling	Raw material suppliers, trading product suppliers	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors
Product Quality and Reliability	Raw material suppliers, trading product suppliers	Globally	Customers of building systems such as: owners, architects, designers, specifiers, contractors cement and concrete customers; automotive customers, competitors

## **G4-22-23, 28-33: ABOUT REPORT**

### **ABOUT OUR REPORT (G4-22-23, 28-33)**

The information contained in this report has been prepared according to the GRI G4 sustainability reporting guidelines "in accordance - core". This is Sika's first GRI report and covers the 2013 calendar year. Sika will continue reporting on an annual basis. As it is Sika's first GRI report, there have not been any restatements or changes from previous reporting periods in the Scope and Aspect Boundaries. The GRI report takes into account impacts within and outside the organization. With regard to Sika's entities, it covers all entities that are included in Sika's consolidated financial statement, unless otherwise stated. Sika's GRI Report 2013 has not been externally audited.

### **CONTACT US (G4-31)**

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## **G4-24-27: STAKEHOLDER ENGAGEMENT**

### **STAKEHOLDER IDENTIFICATION AND PRIORITIZATION**

Sika conducted an internal workshop in 2013 where all relevant stakeholder groups for Sika were identified.

Based on the GRI definition, stakeholders are defined broadly as those groups or individuals:

- (a) that can reasonably be expected to be significantly affected by the organization's activities, products, and/or services; or
- (b) whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.

The stakeholders were prioritized / categorized according to the potential impact of Sika on the stakeholder and the stakeholder's ability to impact Sika. The results were verified with different entities within Sika (Board of Directors, Management etc.). The most relevant stakeholder groups were consulted for their contribution to the materiality process.

### **IDENTIFIED STAKEHOLDERS**

The identified stakeholder groups of Sika are:

- Employees
- Customers
- Academia
- Financial analysts
- Sika Management
- Board
- Suppliers
- Competitors
- Sponsorship partners
- Local communities

### **STAKEHOLDER ENGAGEMENT**

Sika entities regularly engage with their relevant stakeholders on local and national level, though not yet in a formalized manner. The first steps to develop and test respective guidelines in pilot projects are planned for 2014. As part of the report preparation process Sika specifically engaged with selected stakeholder groups. The following groups were approached with different methods, to provide input into defining the report content. The results were integrated in the materiality analysis.

**SURVEY**

- Employees
- Customers
- Suppliers
- Competitors
- Financial analysts
- Academia
- Sponsorship partners

**INTERVIEW**

- Sika Management Board

Local communities are key stakeholders, but due to time and resource constraints they have not been directly approached though their views have been taken into account throughout the process. They will be involved in a later step.

The priorities of specific customer groups, suppliers and competitors, were captured through desk-top research and integrated in the materiality analysis. (see materiality).

Stakeholders	Customer	Employees	Financial Analyst	Academia	Sponsored organisations	Suppliers	Competitors
Activity	Desk Top Research	Questionnaire	Questionnaire	Questionnaire	Questionnaire	Desk Top Research	Desk Top Research
GHG Emissions			■		■	■	■
Water Consumption			■				
Energy Consumption & Efficiency	■		■	■	■	■	■
Water Consumption & Wastewater Handling				■	■	■	■
Raw Materials & Global Ressource Consumption	■			■	■	■	■
Waste / Recycling	■			■	■		■
Environmental Compliance	■				■	■	■
Occupational Health & Safety	■	■	■		■	■	■
Customer Health & Safety		■	■				
Customer Satisfaction		■	■				■
Eco-friendly Products / Innovation	■			■	■	■	■
Life Cycle Impact of Products					■		■
Product Quality & Reliability	■	■	■			■	■
Education & Training				■			■
Sustainable Supply Chain					■	■	■
Local Communities					■		■
Protection of Human Rights	■			■	■	■	■
Anti-corruption	■		■				■
Compliance			■				

**G4-34: GOVERNANCE**

See <http://www.sika.com/en/group/investors/CorporateGovernance.html>

**G4-56: ETHICS AND INTEGRITY****VALUES, PRINCIPLES, STANDARDS AND NORMS**

A new edition of the Code of Conduct was drafted in 2013. The Code of Conduct is available in more than 10 languages and has been distributed to all Sika employees. Furthermore, Sika is currently developing a document stating Sika Values and Principles. This document is scheduled for publication by January 2014.

# SPECIFIC STANDARD DISCLOSURES

# SPECIFIC STANDARD DISCLOSURES

## ECONOMIC PERFORMANCE

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### G4-EC 1: ECONOMIC PERFORMANCE

Sika creates sustainable value for its customers and the supply chain and other stakeholders. The company distributes the derived economic value to various stakeholders. This includes governments through taxes, employees through compensation and benefits, shareholders through dividends, suppliers and service providers through raw material and service prices, society through taxes and local community projects.

Part of the value earned is retained in the company for further development of novel technology, acquisitions, capital investments, and to maintain a certain amount of independence from capital market fluctuations.

TABLE 1

The following table indicates the net value added including depreciation and changes in provisions (see Annual Report, p. 142)

Item	mn CHF	%
Total sales	5,142	100,00
To suppliers	3,440	66,90
Net value added	1,542	29,99

TABLE 2

From the net value added the capital flows to the various stakeholders and to the Sika Group as follows

Item	mn CHF	%
To Employees	1,037	67,25
To Sika	215	12,94
To shareholders	132	8,43
To governments	130	8,56
To lenders	36	1,81
<b>Total</b>	<b>1,542</b>	<b>100,00</b>

Sika donated and supported local communities in the amount of 1.5 mn CHF which accounts for 0.10% of the net value added.

## ENVIRONMENTAL

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### G4-EN 1: MATERIALS USED BY WEIGHT OR VOLUME

Sika uses raw materials such as polymers, additives, resins, colors, plastic articles, sand, cement, packaging materials, the volume of which totals 2.6 million tons, excluding trading goods and water. These numbers are reported in Sika's operational reporting system.

A small amount (0.6 %) of all raw materials are renewables, like castor oil or alcohols. The small amount is mainly due to unavailability, economic viability, ineffective application of formulation as compared to non-renewable feedstock. However, the company constantly explores ways of using non-petroleum derived materials for Sika products.

Input materials are converted to value-added products from which customer value and ultimately commercial value are derived. Sika strives to convert as much of the input materials as possible into commercial products: however, waste originates due to cleaning, trials, color changes, repair and maintenance and other non-continuous operations as reported in the section on waste.

Sika strives for an efficient use of input materials. Research and development are dictated by the principles of sustainable development and enhanced customer utility, such as the demand for resource-saving construction methods, energy-efficient construction materials or lighter and safer vehicles. Sika's goal is to assess all new product developments for their sustainability characteristics, using comprehensive internally standardized methodology. As a result, these projects are geared towards a higher inherent sustainability profile in raw material consumption, production, marketing, use phase and disposal / recycling.

Through its sustainable solutions, Sika strives to reduce the resource consumption of the downstream industries, like resource consumption in construction, vehicles or for the cement industry, where Sika solutions enable customers to increase the use of recycled input materials.

#### **G4-EN 2: PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS**

For direct materials, the proportion of recycled materials is around 0.6%, regained from used products. This figure is reported through operational reporting. One example is roof recycling in the USA, where the company takes back used roofing membranes and reuses the ground membrane as raw material.

For many other secondary materials such as packaging or solvents we use the local recycling systems in place in many countries today.

#### **G4-EN 3: ENERGY CONSUMPTION**

##### ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Sika used 1,769 terajoule (TJ) of energy, 42.5% directly from non-renewable primary energy conversion and 57.5% from purchased electricity. The fuel types used for direct energy (751 TJ) are light liquid fuels (32%), coal (14%) in China, and natural gas (54%).

Energy is a necessary input for our conversion processes, e.g. stirring and mixing, melting and cooling, ventilation and pumping, as well as heating and air conditioning of buildings. Sika uses around 50 % of total energy consumption from its own energy conver-

<b>Total Energy Consumption</b>	1,769 TJ	
Non-renewable	751 TJ	Light liquid fuels, coal in China, natural gas
Electricity	1,018 TJ	From renewable and non-renewable sources, depending on local power generation
Renewable Electricity	-6,42%	

sion, mainly for heating buildings and production equipment, steam generation, drying processes, etc.

Sika's production itself is less energy-intensive than the supplier industries, specifically the chemical industry. However, Sika believes that energy efficiency and mitigation of emissions is a major driver of its overall efficiency effort. Energy is further a relevant cost factor for Sika.

Therefore, the company has set a target at Group level for energy consumption to achieve efficiency gains of 3% each year in relation to production volumes. Some of our subsidiaries have started energy efficiency programs according to ISO 50001, and the company in Germany has already gained certification to this standard.

##### ADDITIONAL INFORMATION ON LEASED VEHICLES AND TRAVEL

In addition, the leased car fleet consumed 258 TJ of energy and company travel amounted to 143 TJ. Both figures are derived from a sample of 45 % of the leasing and travel contracts.

Sika uses conversion factors from the German Ministry for the Economy, [bmwi.de](http://bmwi.de).

## G4-EN 8: WATER

### TOTAL WATER WITHDRAWAL BY SOURCE

Water is used as cooling water, cleaning water, in products, and for general purposes like sanitary facilities. Sika uses around 2.75 million m<sup>3</sup> both from public supply (50%) and groundwater wells (50%). Cooling water is mainly derived in line with local permits from ground water wells in water-rich areas, like Switzerland, the UK, and USA. Cooling and process water makes up 80% of Sika's water use. The company strives to increase water efficiency and has set a target for the reduction of water consumption per ton of product sold.

- Surface water: 22 T m<sup>3</sup>
- Ground water: 1,349 T m<sup>3</sup>
- Public supply: 1,379 T m<sup>3</sup>
- Rain water: only a few factories have started to use rain water. There are no detailed data available.
- Waste water: No waste water is used

## G4-EN 15-16: EMISSIONS

### DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)

Direct energy conversion results in local greenhouse gas emissions (CO<sub>2</sub>). Sika uses various fuels for its own energy conversion, incl. coal in China. Around 43% of the energy is converted in Sika sites amounting to CO<sub>2</sub> emissions of around 50 thousand tons.

### INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)

Indirect energy conversion results in greenhouse gas emissions (CO<sub>2</sub>) depending on the primary energy used in the country's electric power generation mix. Therefore, a shift from the company's own power generation to purchasing electrical power may positively or negatively impact Sika's total carbon footprint.

To obtain an informed estimate we use the Greenhouse Gas Protocol calculator to quantify the scope 2 emissions. However, in some cases, e.g. Germany, we have contractual agreements with power suppliers to procure "green" power, e.g. from hydro-electrical conversion, which has a much lower carbon footprint than the average footprint in the country, e.g. in Germany. In these cases Sika deducts the renewable amount from the total consumption in the country, before converting into CO<sub>2</sub>. For the year under review, calculated CO<sub>2</sub> emissions from third party power supply amounted to around 124,000 tons for the Group.

### ADDITIONAL INFORMATION ON LEASED VEHICLES AND TRAVEL

The company has started to evaluate the carbon emissions from travel and leased vehicles. Extrapolation of available data shows a footprint of 17,400 tons for the leasing fleet and 17,500 tons for travel for the entire Group in 2013. Both figures are derived from a sample of 45% of the Sika leasing and travel contracts.

The company uses conversion factors as published by the IEA, International Energy Agency.

## G4-EN 22-23: EFFLUENTS AND WASTE

### TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION

Sika discharges around 2.0 million m<sup>3</sup> of water, in conformity with local legislation and permits. In most Sika factories, process water is collected in tanks, or cleaned in treatment facilities and tested before discharge as per local permits; it is then discharged into either the sewage system or directly into a surface water body; in many cases both means of discharge are used.

The local companies hold permits for water discharge parameters, like quantity and chemical limit values, which the companies are bound to. However, due to the very diverse nature of requirements, the Sika Group does not on discharge water quality.

- Process and Cooling water: 1.8 million m<sup>3</sup>
- Sanitary water: 0.41 million m<sup>3</sup>
- Water in products: 0.67 million m<sup>3</sup>

### Effluents:

- Water to sewer, sewage plant: 0.42 million m<sup>3</sup>
- Water to surface water bodies: 1.8 million m<sup>3</sup>

#### TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

Waste consists of the unavoidable losses of input material, occurring in cleaning, trials, color changes, repair and maintenance, and other non-continuous operations. Other waste sources are packaging materials, cleaning materials, maintenance goods like oils and other utilities.

In total, Sika generated around 56,000 tons of waste, which accounts for around 1.7% of total input materials.

Three quarters of the waste is non-hazardous. The category of reuse describes waste which finds a secondary use at lower value. Sika manages the disposal of waste through management systems according to ISO 14001, which regulate the flow of materials and local documentation locally and are in place at all production sites.

Total weight:

- Non-hazardous: 40,000 tons
- Hazardous: 16,000 tons

Disposal method:

- Landfill: 12,000 tons
- Incineration: 16,000 tons
- Reuse: 28,000 tons

Sika is committed to taking back products for recycling and strives to increase the durability of products. For example, the company has established a recycling regime for used roofing membranes in the USA, and the recycled material is used in the manufacture of new membranes. Within their ISO 14001 management systems the local companies are bound to find a compliant, cost-effective and efficient method of disposal and to keep the necessary documentation for the transfer of waste to the disposal endpoint.

#### **G4-EN 27: PRODUCTS AND SERVICES**

##### ALL NEW PRODUCT DEVELOPMENTS ASSESSED

A sustainability assessment process (incl. requirements, guidelines and tools) has been established as an integral part of the official Sika Product Development Process and documented in the Sika Corporate Management systems. It is a mandatory element of the innovation process as of 2014. Only few product development projects have been assessed so far, as it was not mandatory until now.

##### ALL ROADMAP PROJECTS IMPLEMENTED

In the following regions, product sustainability roadmaps have been developed for major countries in 2012/2013 together with Corporate Product Sustainability: North America, Asia Pacific, Europe South, Europe North, and Turkey. Regional and country product sustainability roles have been established to facilitate the implementation of these roadmap elements. Quarterly meetings take place between local and regional functions as well as regional and global functions to manage the roadmaps and discuss progress and activities. Road-mapping will be extended to all regions: Latin America and Europe East will follow in 2014.

#### **G4-EN 29: COMPLIANCE**

In 2013 Sika incurred no significant fines (> CHF 2,000) for non-compliance with environmental laws and regulations. Sika strives for full legal and regulatory compliance, which are the foundation of our business. Therefore, all producing subsidiaries have a process that helps them understand regulatory requirements and changes. These legal entities continuously entertain certified management systems according to ISO 9001 (Quality) and, in addition, to 14001 (Environment), in some cases according to OHSAS 18000 (Health & Safety) and ISO 50001 (Energy efficiency).

Most of Sika's subsidiaries work together with external advisors to stay informed about regulatory changes. The management systems according to ISO 14001 and OHSAS 18001 require companies to follow up on new legislation and implement legal requirements accordingly. Legal and internal audits screen the subsidiaries for business conduct. The General Managers are obliged to strictly adhere to applicable legislation and to supervise the subsidiary accordingly. Sika implements an Internal Control System according to the Swiss public company law in all its subsidiaries to ensure adherence to these standards.

### **G4-LA 6: OCCUPATIONAL HEALTH AND SAFETY**

In 2013 Sika had a lost time rate of 12 accidents / 1,000 employees.

In the reporting year the company reported 217 accidents (> 1 day of absence from work). Of these, the EMEA region accounted for 135, North America for 21, Latin America for 49, and APAC for 12. The rate includes labor not on Sika's payroll.

As accident data from the subsidiary is processed anonymously, it is not possible to give a breakdown by gender at Group level.

Unfortunately the company experienced one fatality in the reporting period. The incident was caused by neglecting confined space regulations of the Group leading to suffocation of a colleague inside a cement silo, in Indonesia. This accident has led to a series of technical investigations and changes to avoid re-occurrence.

As of the year under review, 27 entities have been certified to OHSAS 18001 (occupational health and safety). Certification status of all entities can be found in Sika's Annual Report.

Sika experienced 12 contractor accidents on its premises.

### **G4-LA 9: TRAINING AND EDUCATION**

With over 16,000 employees globally, Sika regards training and education as an important instrument in retaining and grooming its workforce. The company is proud of a large share of long-time associates and recognizes the need to keep these valued associates up to date regarding their relevant knowledge and abilities.

Sika therefore maintains a broad range of training internal and external training programs and its own training institutes, e.g. for operations, sales and marketing, and technical faculties. Sika collaborates with universities to gain access to up-to-date knowledge. In 2013 for instance, all Senior Managers attended management seminars at IMD, a top-ranking Swiss business school.

Sika has no explicit Group target with regard to training and education but strives to offer every Sika employee > 10 hours of training per year, and a fully-fledged training seminar for managers.

The total number of training hours reported by the local companies amounted to around 11 hours per employee on average. As training data from the subsidiaries are processed anonymously, it will not be possible to provide a breakdown by gender at Group level.

### **G4-LA 12: DIVERSITY AND EQUAL OPPORTUNITY**

Sika's global presence and associated proximity to customers make it extremely important to integrate different cultures and share information across national boundaries. The company firmly believes that the diversity experienced by employees on a daily basis is one of the factors of its success, especially at senior management level. Women account for a total of 21.5% (2013) of all staff, and 16.2% (2013) at management level. The age structure at Sika is broadly balanced: 17.4% of employees are under 30 years of age and 20.6% over 50.

The needs, wants, and the languages in which our customers express themselves are diverse. We must understand them if we are to provide our customers with a quality service experience. Enhancing the quality of our product and service offerings begins with managing diversity within Sika.

Embracing diversity is one of our key topics. This includes:

- an employee mix as diverse as our customers
- an appreciation of different cultural perspectives and beliefs
- an ability to accommodate the varying needs and tastes of people from different origins and the need to train management and staff to understand and relate to a complex customer base.

### **G4-HR 9: HUMAN RIGHTS REVIEWS AND/OR IMPACT ASSESSMENTS**

Human rights are part of the Code of Conduct and the Policies and Principles of the company. The General Managers are obligated to strictly adhere to legal practices and to supervise the subsidiary accordingly. Also, they are responsible for taking preventative action. Human rights reviews are included in the internal audit program and the legal audits which are performed regularly in subsidiaries. Around 20 internal audits and 10 legal audits are performed annually, corresponding to around 20% of Sika's subsidiaries. This is a preliminary report based on the supervision principles outlined above.

In 2014, Sika will integrate the review into all its auditing activities for Quality and Risk Management to extend quantitative coverage of this indicator. However, the company remains confident that all companies adhere to the human rights charter as set out in the Code of Conduct.

#### **G4-HR 10: SCREENED SUPPLIERS**

New suppliers are contacted and screened for their quality and EHS systems and their general business conduct through self-evaluation and an on-site audit procedure. The Supplier Code of Conduct has to be signed by every new supplier or at contract renewal. This is a preliminary report based on the screening and contractual method laid out above.

From 2014 onwards, Sika will also include a Human Rights Assessment in supplier screening, specifically in geographies at risk of human rights violations. However, as Sika applies a risk-based approach, companies reporting according to GRI on human rights criteria, and signatories of the UN Global Compact and the OECD Guidelines for multinational companies will not necessarily be screened.

#### **G4-SO 1: LOCAL COMMUNITIES**

Sika employs over 16,000 employees in more than 80 countries around the world. Through its local activities, Sika contributes directly to the economic and social development of the local communities by providing secure and safe workplaces, transferring knowledge through ongoing training activities to its local employees and introducing new technologies in the building sector, improving the quality of local housing and infrastructure. Sika's economic impact on local communities is multiplied through its local sourcing structures.

Sika is committed to promoting on-the-ground self-help. When supporting projects via the Romuald Burkard Foundation, the local Sika companies are required to put forward specific aid applications and, together with local partners, to supervise the projects on site until completion.

In 2013 the Romuald Burkard Foundation supported more than 30 projects in over 15 countries.

Additionally, the countries reported another 52 projects defined as local community projects in 2013. That means that about 15% of all Sika subsidiaries are running projects via the Romuald Burkard Foundation.

#### **G4-SO 5,7: ETHICS, SPECIFICALLY ANTI-CORRUPTION AND COMPLIANCE**

Integrity and ethical conduct have always been an inherent part of Sika's culture. Already in its earliest version in the 1970's, Sika Philosophy and Policies stated that "we apply high ethical standards to our work."

Ethical conduct is one of the cornerstones on which Sika's excellent reputation is built. Our customers count on it, but also our other stakeholders, most notably our shareholders and all personnel working for Sika. Therefore there is no room for negotiation or interpretation when it comes to following these rules. Compliance with this Code of Conduct is the personal responsibility of all people working for Sika, no matter where they work and what their function is.

In 2013 the Board updated Sika's internal rule with "Sika's Code of Conduct". This Code of Conduct is an evolution of the principles and rules which have been strictly followed in Sika for years. Sika wants to continue this tradition and reinforce its highly ethical culture.

Compliance with these rules is ensured through e-learning tools, personal training sessions and various audits, managed by Group Management and the General Counsel. Investigations are launched into all cases of suspected misconduct. Confirmed violations are penalized and can lead to dismissal. In the reporting period Sika recorded no public allegation or sanctions of violations of its rules.

#### **G4-PR 1: CUSTOMER HEALTH & SAFETY**

Sika evaluates all raw materials, intermediate and finished goods for their health and safety impacts during storage, production, distribution and use. The company maintains a comprehensive Product Stewardship process and network, including a database for impact assessments, toxicological evaluations and product registration, classification and labelling. Sika therefore considers all of its significant product categories to be assessed for health and safety impacts and for improvements.

This results in steady product improvement, e.g. through reduction of solvent content across Sika's flooring product lines, elimination of critical chemicals from sealants and adhesives, and development of less critical hardeners for adhesives.

The company strives to improve and reduce health and safety impacts continuously by:

- Internal work procedures for all hazardous materials;
- Informing and educating product users through safety data and worker protection requirements;
- Reducing hazardous chemicals, solvents, volatiles, reactive components where possible;
- Application devices for safe, contact-free application.

#### **G4-PR 5: PRODUCT AND SERVICE LABELING**

Sika evaluates customer satisfaction in surveys on local level. Over the current year, Sika will report separately on examples from customer surveys. An overarching reporting system has not been established yet due to the local nature of customer satisfaction surveys.

#### **G4-PR 9: COMPLIANCE**

Sika recorded no significant fines (> CHF 2,000) for non-compliance with laws and regulations concerning the provision and use of products and services.

# DISCLOSURE ON MANAGEMENT APPROACH

# ECONOMIC PERFORMANCE

## ECONOMIC PERFORMANCE

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### **WHY IS ECONOMIC PERFORMANCE A MATERIAL ASPECT FOR SIKA?**

Financial solidity and long-term profitability ensure that Sika remains a reliable and value-adding partner for all its stakeholders now and in the future, and they represent important cornerstones to maintain global technology leadership and market penetration from design and construction to refurbishment.

By evaluating economic impacts, risks and opportunities deriving from investments in assets and innovation, Sika strives to focus on the most promising opportunities that deliver optimized value for its customers, in the form of durable solutions, and create returns that benefit shareholders.

Further, economic health enables Sika to share value created with its various stakeholders, to be a reliable employer, an attractive long-term investment opportunity, a responsible taxpayer and a good corporate citizen, helping communities to flourish. Eventually, economic value creation simultaneously helps improve the economic, environmental and social conditions of Sika and its stakeholders and is therefore an aspect of high importance.

### **HOW DOES SIKA MANAGE ECONOMIC PERFORMANCE?**

Sika's management approach for economic performance is intended to enhance positive impacts for its stakeholders.

The management of economic performance on group and local level is directed by the company's overall strategic outline. Further guidance and requirements derive from and have been translated into short-, medium- and long-term financial goals and targets for the Group and local entities.

One important cornerstone of Sika's management of economic performance is transparency. Sika reports and discloses its financial statements in accordance with international financial reporting standards (IFRS) and adheres internally to similar stringent accounting standards for its monthly reporting to management.

The management approach for economic performance within Sika includes the following components:

- Commitment: Sika's success directly benefits all stakeholders.
- Building Trust: The Sika Growth Model ensures the long-term success and the profitable growth of our company.

### **GOALS AND TARGETS**

Sika has defined financial targets that are tailored to the Group's strategy of growth. These targets include net sales growth, profit, cash flow and return on capital employed.

Sika's 5-year target plan at group level for 2014-2018 includes the following target for profitability, which enables the company to distribute economic value: Net Profit > 6% = sustainable profitability (Baseline 2013).

### **RESPONSIBILITIES**

Overall responsibility with regards to financial performance at group level remains with the Group CFO, CEO and the Board of Directors.

Since Sika's international expansion first began, Sika has organized its global activities by country. The national units were later consolidated into Regions with higher-level management functions. The heads of the Regions are members of the Group Management. The regional and national management teams bear full profit and loss responsibility, and – based on the Group strategy – set country-specific growth and sustainability targets, and allocate resources.

### **EVALUATION OF THE MANAGEMENT APPROACH**

Sika evaluates its management approach through a process steered by the Board of Directors. The company audits and publishes the results accordingly in the half-year, nine-months and annual reports.

# ENVIRONMENTAL

## MATERIALS

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### **WHY IS MATERIAL CONSUMPTION A MATERIAL ASPECT FOR SIKA?**

Sika converts raw materials to value added products and solutions relying mainly on non-renewable input materials. Direct materials are Sika's major cost factor corresponding to more than 40% of sales. Almost all materials used in production – e.g. for polyurethane adhesives, epoxy resins products, polymeric roofing and waterproofing membranes, cementitious mortars, polymer concrete admixtures – are based on crude oil or crude oil derivatives (downstream products), or require some amount of fuel for conversion. Sika is exposed to the price volatility of oil and raw materials from chemical conversion or natural provenience, like chalk, titan dioxide etc. Amplified by the industrialization of developing countries, global demand for material resources is expected to increase dramatically, leading to rising prices, price volatilities as well as supply uncertainties.

Apart from those raw materials, Sika uses several other resources as input materials for its products which are subject to local availability and constraints. In some regions even sand is a rare raw material. Besides ensuring security of supply, management and efficient use of input materials have become very important focus points for Sika.

But materials are not only an important aspect with regard to Sika's own operations and supply but also in relation to its customers, who also seek to become more resilient to supply chain disruptions and constraints.

Through investments in and development of Sika's sustainable solutions, the company strives to reduce the resource consumption of its customers' downstream industries, like resource consumption in construction, vehicles or for the cement and concrete industry, where Sika solutions enable customers to increase the use of recycled input materials.

### **HOW DOES SIKA MANAGE MATERIALS?**

Sika's management approach is twofold, primarily mitigating risks from supply chain disruptions and price volatility on its production and financial performance and secondly, providing sustainable, value-added solutions to its customers.

The management approach for materials within Sika includes the following components:

#### COMMITMENTS

Sika strives for an efficient use of input materials, to develop resource-efficient products and to improve the existing portfolio accordingly.

#### GOALS AND TARGETS

Sika's goal is to assess all new product developments for their sustainability characteristics, using a systematic and comprehensive internal standardized methodology. As a result, these projects are geared towards higher inherent sustainability profile in raw material consumption, production, marketing, use phase and disposal / recycling, transforming also Sika's own manufacturing-processes, supporting greater efficiency of Sika's operations and less dependency on raw materials.

#### RESPONSIBILITIES

The responsibility with regard to material management is split between technology and the supply chain. While technology creates better conversion methods or less material-intensive products and solutions, the supply chain influences conversion efficiency and waste reduction. Efficiency targets have been set for both functions.

#### SUPPLY CHAIN MANAGEMENT

The responsibility for securing supply and minimizing the exposure to price volatilities lies with Sika Global Procurement, which is responsible for the worldwide, reliable and on-time supply of raw materials. The ultimate responsibility lies with the CEO.

#### POLICIES

- Vision and Mission of Procurement
- Innovation Strategy

## SPECIFIC ACTIONS

- **Life Cycle Assessment (LCA):** Sika sets out to undertake objective, transparent and comparative assessments of the sustainability of its products – not only in manufacturing, but throughout their life cycle, following internationally recognized standards. These analyses may pinpoint necessary improvements for existing products. They may also deliver important insights into resource management (raw materials, energy, water and waste), production processes or application efficiency and thereby promote innovation and optimize the development of new products and systems.
- **Global safety and efficiency program for energy and raw materials:** Sika has implemented a safety and efficiency program over the past three years. This program was designed for local analysis and improvement of buildings and operations.
- **Risk Management:** The objective of risk management at Sika is to secure the supply of materials in all market situations in the required consistent quality at competitive conditions. A structured and systematic recording and rating process for relevant risks is implemented in order to enable early identification of critical materials and/or suppliers by the systematic analysis and implementation of measures based on a clear classification of potential risks.
- **Sustainable Solutions:** Sika seeks to enhance the outstanding and widely appreciated usefulness of its products by optimizing their sustainability profile, and thus to create added value for its customers and contribute to sustainable development.

## SIKA SOLUTIONS FOR RESOURCE EFFICIENCY INCLUDE

**Materials and packaging formats:** Sika has developed foil cartridges for adhesives, which use much less material than plastic cartridges. In many companies, admixtures are sold in bulk containers and not in drums.

**Recycling of roofing membranes:** Sika has established a recycling regime for end-of-life roofing membranes in the USA. The recycled material is used in the manufacture of new membranes.

**Cooperation with universities and other research organizations:** Sika collaborates closely with several universities as well as organizations such as United Nations Sustainable Buildings and Climate Initiative (SBCI). Information on further cooperations can be found at: [http://www.sika.com/en/group/sustainability/society/partnerships\\_andinitiatives.html](http://www.sika.com/en/group/sustainability/society/partnerships_andinitiatives.html)

## EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach through:

- **Monitoring:** Sika measures its material use on a regular basis. Material use is reported quarterly internally to the Environment, Health & Safety department where results are followed up and management approaches adapted accordingly.
- **Evaluation of results from LCA:** Sika carries out life-cycle assessments (LCA) during the product development process. These serve to quantify energy demand, resource efficiency, greenhouse gas emissions or water demand during each phase of a product's life cycle and measure the associated possible impacts on the environment.
- **Benchmarking:** The procurement and technology organization screens Sika's supplier base and the market in general for alternative or more efficient raw materials.
- **Technology comparison:** Based on the life cycle approach for raw materials, Sika compares the effectiveness and efficiency of competing technologies to Sika's existing technology base.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## ENERGY AND EMISSIONS

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### WHY ARE ENERGY AND EMISSIONS MATERIAL ASPECTS FOR SIKA?

Sika's energy consumption is to a large extent based on non-renewable sources of energy, exposing Sika to price volatilities, supply and production uncertainties and increasing regulatory interventions related to climate change.

Although Sika's production itself is less energy-intensive than the supplier industry, specifically the chemical industry, Sika sees it as its responsibility to minimize its impact with regard to climate change by reducing its energy consumption. Sika believes that energy efficiency and mitigation of emissions is a major driver of its overall efficiency effort and additionally contributes to cost reductions.

Apart from its own operations Sika also contributes to the reduction of energy consumption through its products and systems, by providing sustainable solutions for the construction and transportation industries, i.e. to improve the energy efficiency of buildings and to build lighter cars. Energy is a relevant factor throughout the value chains of both industries. Especially in the cement industry energy consumption and secondary fuels play a large role in production processes.

Sika products can contribute considerably to savings in cement production. Energy for conversion processes is also a very important

input parameter as a supplier of raw materials in the chemical industry. Sika's sustainable solutions contribute to the reduction of energy use in these sectors. (see part "Specific Actions")

## HOW DOES SIKA MANAGE ENERGY AND EMISSIONS?

On the one hand, Sika's management approach is aiming at reducing energy consumption and resulting CO<sub>2</sub> emissions from Sika's own operations. On the other hand, Sika is constantly improving its products and systems to reduce energy consumption and resulting CO<sub>2</sub> emissions in the application and use phase and production processes of its customers.

### COMMITMENT

Sika manages limited resources and reduces energy consumption. The company is committed to increasing the energy efficiency of its own operations and contributing to the reduction of energy use in its customers' production processes as well as to energy savings during the installation and use phase of its products and systems.

### GOALS AND TARGETS

Sika's 5-year target plan for 2014–2018 includes the following target for energy consumption:

- Minus 3% rate, per ton

### RESPONSIBILITIES

Energy efficiency of Sika's operations is the responsibility of the regional management reporting to the CEO. At local level operations are responsible for helping to reach Sika's targets with regard to energy efficiency and for setting and achieving local targets accordingly.

## SPECIFIC ACTIONS

- **Life Cycle Assessment (LCA):** Sika sets out to undertake objective, transparent and comparative assessments of the sustainability of its products – not only in manufacturing, but throughout their life cycle in accordance with internationally recognized standards. These analyses may pinpoint necessary improvements for existing products. They may also deliver important insights into resource management (raw materials, energy, water and waste), production processes or application efficiency and thereby promote innovation and optimize the development of new products and systems.
- **Energy management system according to ISO 50001:** As a start, some Sika entities are in the process of building energy management systems according to ISO 50001, which allow for continuous improvements in energy efficiency. Sika Germany, which accounts for around 6% of personnel headcount is certified to ISO 50001.
- **Global safety and efficiency program for energy and raw materials:** Sika has implemented a safety and efficiency program over the past three years, which led to a considerable reduction of energy consumption per production unit (ton) of around one fifth. This program was designed for local analysis and improvement of buildings and operations. A host of local improvement projects were started and completed, as well as some energy-generation projects like solar power or thermal recovery projects.
- **Sustainable solutions:** Sika seeks to enhance the outstanding and widely appreciated usefulness of its products by optimizing their sustainability profile, and thus to create added value for its customers.

## SIKA SOLUTIONS FOR ENERGY EFFICIENCY INCLUDE

- Grinding aids for energy-efficient cement production.
- Special sealants for argon-filled insulating glass units and for bonding lighter.
- Fully integrated concepts to improve the energy efficiency of buildings, addressing the entire life cycle of a facility, from design and initial construction up to the point in time when repair, refurbishment or extension become necessary.
- Structural adhesives and polymer-based reinforcing components for lighter automobiles help save fuel.

## SIKA SOLUTIONS FOR CLIMATE PROTECTION INCLUDE

- Adhesives for the solar industry reliably bond very hot surfaces.
- Offshore wind farms with special corrosion protection systems achieve longer service lives under rough conditions.
- Highly reflective thermoplastic roofing membranes boost the efficiency of solar installations and lower the cooling demand in buildings.
- Viewed over their entire life cycle, thermoplastic Sika Sarnafil® roofing membranes have a 30% lower carbon footprint than other less durable roofing sheets.

## EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach by target setting, achieving or missing the targets and measuring the effectiveness of the approach. The conclusion of the evaluation of the management approach has been reviewed and has been proven to be effective.

- **Monitoring:** Sika measures its energy use on a regular basis. Energy use is reported quarterly to the internal Environment, Health & Safety department where results are followed up and management approaches adapted accordingly.
- **Evaluation of results from LCA:** Sika carries out life-cycle assessments (LCA) during the product development process. These serve to quantify energy demand, resource efficiency, greenhouse gas emissions or water demand during each phase of a product's life cycle and measure the associated possible impacts on the environment.
- **Evaluation of results from energy management system ISO 50001:** The entities participate in the energy management systems according to ISO 50001, allowing for continuous improvement in efficiency by evaluating and acting upon the outcome from the certifications. Sika reviews all audit results to improve the management approach and integrates improvements.
- **Benchmarking:** Sika started to compare the energy consumption per product unit internally through factory reporting and to benchmark with other similar companies.
- **Internal reports:** The company developed a report on energy efficiency and consumption in 2013.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## RESULTS OF EVALUATION

- EN3 – Energy consumption within the organization:
- EN15 – Direct greenhouse gas (GHG) emissions (Scope 1)
- EN16 – Energy indirect greenhouse gas (GHG) emissions (Scope 2)

By reducing relative energy consumption per production unit (ton) over the past three years, Sika has also slightly reduced the carbon footprint of Sika's operations. However, the footprint strongly depends on the energy mix the local company is forced to choose, given the local supply options. Electricity usually increases the overall footprint due to conversion and grid losses.

Sika uses the official conversion factors according to the Carbon Disclosure Project, which are national mean values. In some cases, e.g. in Germany, Sika sources electricity based on hydropower contracts, and this results in a much lower carbon footprint compared to national mean values. The renewable portions are deducted before calculating the scope of the CO<sub>2</sub> footprint from purchased electricity.

## WATER

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### WHY IS WATER A MATERIAL ASPECT FOR SIKA?

Water is a crucial input factor for Sika's production, and water quality and scarcity are important issues for Sika in water-stressed regions and geographies. This is in particular the case for production facilities in certain areas of the Middle East, Latin America, South East Asia and Australia.

Increasing water scarcity in many regions of this world is a potential threat to business growth and expansion. Especially in regions where freshwater is scarce, businesses may be exposed to water shortages, decline in water quality, water price volatility and reputational issues.

The impact of Sika's operations on water is mainly due to the use of water in its production processes and buildings. Water is used for cooling, process water, sanitary water, and product water.

A key attribute of many products of Sika's is water proofing. Through the application of its products, therefore, Sika has an impact on reducing water loss and increasing water quality, for example in drinking water reservoirs. Additionally, Sika offers its customers solutions which reduce the water input in cement production by up to 15%, applying standard production procedures.

## HOW DOES SIKA MANAGE WATER?

Sika's management approach is aiming at reducing water consumption in its own operations and at constantly improving its products to increase their contribution to save water.

The management approach for water within Sika includes the following components:

### COMMITMENTS

Sika is committed to reducing the amount of water used by its own operations and to contributing through its products to the reduction of water use and the increase of water quality.

### GOALS AND TARGETS

Sika's 5-year target plan for 2014–2018 includes the following target for water:

- Minus 3% rate, per ton

### RESPONSIBILITIES

Water efficiency in Sika's operations is the responsibility of the regional management reporting to the CEO. At the local level, the operations manager is responsible helping reach Sika's targets with regard to the reduction of water use and for setting and achieving local targets accordingly.

### SPECIFIC ACTIONS

- **Life Cycle Assessment (LCA):** Sika sets out to undertake objective, transparent and comparative assessments of the sustainability of its products – not only in manufacturing, but throughout their life cycle in accordance with internationally recognized standards. These analyses may pinpoint necessary improvements for existing products. They may also deliver important insights into resource management (raw materials, energy, water and waste), production processes or application efficiency and thereby promote innovation and optimize the development of new products and systems.
- **Environmental management system ISO 14001:** Sika production facilities are certified to ISO 14001, which allows continuous improvement in efficiency.
- **Sustainable solutions:** Sika seeks to enhance the outstanding and widely appreciated usefulness of its products by optimizing their sustainability profile, and thus to create added value for its customers.

### SIKA SOLUTIONS FOR WATER EFFICIENCY AND ADEQUATE CLEAN WATER SUPPLY

- Concrete containing Sika® ViscoCrete® admixtures requires up to 15% less water than concrete mixed using standard procedures.
- Waterproof concrete and interior coatings for drinking water reservoirs reduce water losses.
- Spray-applied waterproofing membranes for watertight structures and wastewater treatment plants reduce contamination.
- Living Lakes: Sika financially supports the organization Living Lakes, a network of 55 organizations, coordinated by the Global Nature Fund, which has the aim of promoting sustainable development and protecting potable water, lakes and wetlands.

### EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach by target setting, achieving or missing the targets and measuring the effectiveness of the approach. The conclusion of the evaluation of the management approach has been reviewed and has been proven to be effective.

- **Monitoring:** Sika measures its water use on a regular basis. Water use is reported quarterly to the internal Environment, Health & Safety department where results are followed up and management approaches adapted accordingly.
- **Evaluation of results from LCA:** Sika carries out life-cycle assessments (LCA) during the product development process. These serve to quantify energy demand, resource efficiency, greenhouse gas emissions or water demand during each phase of a product's life cycle and measure the associated possible impacts on the environment.
- **Evaluation of results from environmental management system ISO 14001:** Sika production facilities are certified to ISO 14001 and perform impact assessments, target setting and management reviews of the effectiveness of the management system with regard to water use.
- **Benchmarking:** Sika started to compare the water consumption per product unit internally through factory reporting and to benchmark with other similar companies.
- **Internal reports:** The company developed a report on water efficiency and consumption in 2013.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## EFFLUENTS AND WASTE

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### WHY ARE EFFLUENTS AND WASTE MATERIAL ASPECTS FOR SIKA?

Since Sika is a chemical company, stakeholders and in particular communities bordering Sika's production sites have a great interest in how Sika manages waste and water discharge resulting from its production as they may be directly impacted through water pollution and the improper disposal of waste.

The waste resulting from Sika's production amounted to 56,000 tons in 2013, which represents around 2% of input materials. The efficient use of input materials for production and the recycling of materials, resulting in a reduction of waste, is one of the key priorities for Sika.

Water discharge is strongly regulated by local authorities at the Sika locations, and Sika adheres to the standards set.

As a supplier of products to the construction and transportation industry, Sika also has an impact on the waste production of its customers, through packaging material and in the after-use phase of its products. Sika sees it as its responsibility to contribute to reducing the waste of its customers through better product durability and optimization of packaging material.

### HOW DOES SIKA MANAGE EFFLUENTS AND WASTE?

Through its management approach, Sika seeks to reduce waste resulting from its production as well as its products and packaging. With regard to water discharge, Sika complies with national requirements. Sika manages the disposal of waste through management systems according to ISO 14001, which are in place at all production sites.

#### COMMITMENTS

Sika strives to increase input materials efficiency in its production processes. High efficiency production in this context means reducing and reusing production scrap, reducing and reusing packaging material and improving the packaging design, resulting in less material use and focusing on sustainable input materials.

Sika strives to reduce effluents by controlling and reducing water inputs. Locally, effluents are managed according to their constituents and parameters as permitted by the local authorities.

Sika is committed to taking back products for recycling where possible and to increasing the durability of its products.

#### GOALS AND TARGETS

Sika's 5-year target plan for 2014–2018 includes the following target for waste:

- Minus 3% rate, per ton

#### RESPONSIBILITIES

Effluents / waste efficiency of Sika's operations are the responsibility of the regional management reporting to the CEO. At local level, the operations manager is responsible for helping reach Sika's targets with regard to waste reduction, for setting and achieving local targets accordingly and for the compliance with local requirements for effluents.

### SPECIFIC ACTIONS

- **Life Cycle Assessment (LCA):** Sika sets out to undertake objective, transparent and comparative assessments of the sustainability of its products and systems – not only in manufacture, but throughout their life cycle in accordance with internationally recognized standards. These analyses may pinpoint necessary improvements for existing products. They may also deliver important insights into resource management (raw materials, energy, water and waste) production processes or application efficiency and thereby promote innovation and optimize the development of new products and systems.
- **Environmental management system ISO 14001:** Sika production facilities are certified to ISO 14001, which allows continuous improvement in efficiency.
- **Sustainable solutions:** Sika seeks to enhance the outstanding and widely appreciated usefulness of its products by optimizing their sustainability profile, and thus to create added value for its customers.

### SIKA SOLUTIONS FOR RESOURCE EFFICIENCY INCLUDE

- **Materials and packaging formats:** Sika engineers packaging materials and formats to mitigate waste. To this end, the company has developed foil cartridges for adhesives, which use much less material than plastic cartridges. In many companies, admixtures are sold in bulk containers and not in drums.
- **Recycling of roofing membranes:** Sika has established a recycling regime for end-of-life roofing membranes in the USA. The recycled material is used in the manufacture of new membranes.

## EVALUATION OF THE MANAGEMENT APPROACH

The conclusion of the evaluation showed that even if it was a key priority Sika did not achieve the intended reduction in waste and material efficiency. Programs to reduce waste typically involve process changes which cannot be implemented in a short period. Sika will enhance the efforts in the coming year to achieve the 5-year strategic target.

- **Monitoring:** Sika measures its effluents and waste on a regular basis. Water use is reported quarterly to the internal Environment, Health & Safety department where results are followed up and management approaches adapted accordingly.
- **Evaluation of results from LCA:** Sika carries out life-cycle assessments (LCA) during the product development process. These serve to quantify energy demand, resource efficiency, greenhouse gas emissions or water demand during each phase of a product's life cycle and measure the associated possible impacts on the environment.
- **Evaluation of results from environmental management system ISO 14001:** Sika production facilities are certified to ISO 14001 and perform impact assessments, target setting and management reviews of the effectiveness of the management system with regard to effluents and waste.
- **Benchmarking:** Sika started to compare the waste generation per product unit internally through factory reporting and to benchmark with other similar companies.
- **Internal reports:** The company developed a report on material efficiency and consumption in 2013.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## PRODUCTS AND SERVICES

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### WHY ARE PRODUCTS AND SERVICES A MATERIAL ASPECT FOR SIKA?

Sika is a provider of a wide range of products for specific target markets in the construction and transportation industry. Apart from the environmental impacts arising from production, Sika's strives to develop products that contribute to the reduction of environmental impacts throughout their use phase.

Sika regards sustainability as a business enabler and business driver, with growing relevance in the construction and transportation target markets. Sustainable solutions are seen as a value-creating concept and a differentiating factor from Sika's competitors. Sika creates value for its customers by designing, promoting, marketing and selling products and services that meet the market demand of efficient high performance solutions for sustainable construction. Sika aspires to improve existing and new products, systems and solutions by using life-cycle thinking.

Sika plays an active role in supporting its customers to tackle the big societal challenges of tomorrow (e.g. resource and energy efficiency, climate change, water efficiency, efficient infrastructure and urbanization) by pioneering a portfolio of sustainable products, systems and services. Therefore sustainable solutions are of the highest importance for Sika.

### HOW DOES SIKA MANAGE PRODUCTS AND SERVICES?

Sika's management approach for products and services is intended to mitigate negative impacts over the entire life cycle of its products and to enhance positive benefits through its solutions during application and use. The management approach for products and services within Sika includes the following components:

#### COMMITMENTS

Sika is leading the industry by pioneering a portfolio of sustainable products, systems and services.

#### GOALS AND TARGETS

Sika's 5-year target plan for 2014-2018 includes the following target for products, systems and services:

- **New product developments are reviewed:** New product developments are reviewed against key sustainability criteria and furnished with a documented, recognized relevance audit, imposing an appropriate improvement plan where necessary.
- **All planned sustainability projects are implemented:** The larger Sika companies draw up a product sustainability plan geared to local demand and containing key projects and themes aligned with the global approach. All key projects are carried out in accordance with the approved plan.

#### RESPONSIBILITIES

##### Sustainable solutions:

- The development of sustainable solutions is mainly managed at group and regional level. New product development projects are driven by the Target Market Managers and the Technology Heads. The long- and mid-term technology and product development programs are geared to technology roadmaps governed by megatrends such as demographics, urbanization, globalization, scarce resources and health & safety.

- At the regional/local level, 18 regional Technology and Support Centers are responsible for the adaptation of products, systems and solutions to local market needs.
- The development and implementation of local product sustainability roadmaps is managed at region/local level with the support of the Corporate Product Sustainability function. Regional and country product sustainability roles have been established to facilitate the implementation and roll-out of the roadmap elements. A global Product Sustainability Network covering Target Markets, Product Sustainability, Communications and R&D at the global and regional/ area level is managing, leading and supporting the activities and projects across the organization and regions.

### SPECIFIC ACTIONS

- **Life Cycle Assessment (LCA):** Sika sets out to undertake objective, transparent and comparative assessments of the sustainability performance of its products and systems- not only in manufacture, but throughout their entire life cycle in accordance with internationally recognized standards. On the one hand, these analyses may pinpoint possible improvements for existing products. They may also deliver important insights into raw materials, production processes or application and use phase efficiency and thereby promote innovation and optimize the development of new products and systems. On the other hand, these evaluations help to design and optimize customized project-specific solutions by providing the quantitative sustainability performance of the specified product portfolio in comparison to possible alternative solutions. This assists customers in evaluating Sika's products and systems based on relevant and proven information which allows the differentiation of solutions that may have similar performance, but major differences in their environmental impacts/ profile.
- **Sustainable solutions:** Sika seeks to enhance the outstanding and widely appreciated utility of its products by optimizing their sustainability profile, and thus to create added value for its customers.
- **Product development process:** New product developments are screened systematically with regard to the sustainability implications (impacts, benefits) over its entire life cycle, compared with the company's own or competitive solutions.

Economic, social and ecological aspects are assessed and serve as a basis for any decision to improve a development. The evaluation is based on a systematic and comprehensive internal standardized product sustainability methodology as an integral part of the innovation process in order to understand application and use phase effects and to optimize products and systems.

### EVALUATION OF THE MANAGEMENT APPROACH

The conclusion of the evaluation of the management approach has been reviewed and has been proven to be effective.

- **Monitoring:** Sika measures its development regarding sustainable solutions on a regular basis. Sustainable solution targets are followed up on a quarterly basis by the Corporate Product Sustainability function where results are followed up and management approaches adapted accordingly.
- **Evaluation of results from LCA:** Sika carries out Life Cycle Assessments (LCA) during the product development process. These serve to quantify energy demand, resource efficiency, greenhouse gas emissions or water demand during each phase of a product's life cycle and measure the associated possible impacts and benefits on the environment.
- **Evaluation of screened product developments:** All new product developments must be consistently screened for their sustainability implications, and actions must be defined as part of the product profile.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## COMPLIANCE

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### WHY IS COMPLIANCE A MATERIAL ASPECT FOR SIKA?

Compliance with local law and regulations is one of Sika's fundamental business principles and is a key requirement for local companies to keep their business license. Compliance with local law and regulations is central for the protection of Sika's brand and reputation. With Sika present in over 80 countries, changes in local legislation are an ongoing challenge for the company, which engages in constant monitoring of these developments.

Sika does not tolerate any non-compliance and has for this reason a very low rate of cases and fines. Alleged violations will be carefully investigated and, if confirmed, will have disciplinary consequences for the persons concerned (including dismissal where applicable), while reporting persons will be protected.

With some 75,000 suppliers, Sika has a very broad and in many cases a local supplier base. Sika expects all its suppliers to comply with local laws and regulations and with the Supplier Code of Conduct.

## HOW DOES SIKA MANAGE COMPLIANCE?

Sika's management approach with regard to compliance is intended to avoid any non-compliance within its own operations and by its suppliers. The management approach for compliance includes the following components:

### COMMITMENT

Sika does not tolerate non-compliance of its own local companies and its suppliers.

### GOALS AND TARGETS

Sika strives for full compliance of all its subsidiaries.

### RESPONSIBILITIES

The General Managers of each Sika entity are responsible for ensuring legal compliance in their area of responsibility. The same applies for product responsibility and labelling, as every Sika country organization is responsible for the products it sells in its territory.

### POLICIES

- Code of Conduct
- Supplier Code of Conduct

### SPECIFIC ACTIONS

- **Monitoring of local legislative update:** Sika monitors the development of local legislation continuously through its participation in industry associations as well as through collaboration with consultants. The corporate management system as well as local management systems require regular law updates to ensure the actuality of all documents.
- **Audits:** The compliance with Sika's Code of Conduct is monitored through regular audits (around 100 audits of various types per year) and legal supervision of the local companies and General Managers by the regional managers, regional legal counsels, corporate internal audit, environment, health & safety audits, local audits etc.
- **Compliance training:** All personnel in all companies are regularly trained or use web-based training, at least once a year, about the Code of Conduct. Corporate functions regularly conduct trainings and audits.

### EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach through:

**Results from audits:** The systems according to ISO 9001, 14001 and OHSAS 18001 require a follow up on new legislation and implementation of legal requirements accordingly. For business conduct, legal and internal audit screen the subsidiaries. The General Managers are obliged to strictly adhere to legal practices and to supervise the subsidiary accordingly.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

# SOCIAL

## OCCUPATIONAL HEALTH AND SAFETY

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### WHAT DOES OCCUPATIONAL HEALTH AND SAFETY MEAN TO SIKA?

The over 16,000 Sika employees worldwide stand at the center of Sika's success, and the provision of a healthy work environment is a key commitment of Sika. As a specialty chemicals company with relatively labor-intensive, small operations and large material throughputs, the production processes of Sika involve health and safety risks for its employees.

With 12 accidents / 1000 employees and 1 fatal accident that occurred during maintenance work in 2013, Sika is dissatisfied with its safety performance. Occupational health and safety is therefore seen as a highly material issue for Sika and is treated with priority. Occupational health and safety is also considered as a material issue with Sika's suppliers, as their employees are in many cases exposed to occupational health and safety risks.

### HOW DOES SIKA MANAGE OCCUPATIONAL HEALTH AND SAFETY?

Sika's management approach for occupational health and safety is intended to avoid negative impacts through the following processes:

#### COMMITMENT

Sika strives to protect fellow colleagues with the aim that they leave the workplace in the same condition as they had started work.

#### GOALS AND TARGETS

Sika's 5-year target plan for 2014-2018 includes the following target for occupational health & safety:

- Minus 5% accident rate (Baseline 2013)

#### RESPONSIBILITIES

Labor practices and decent work conditions of Sika's operations are the responsibility of the regional management reporting to the CEO. At local level the general manager, the operations manager and the line organization are responsible for helping reach Sika's targets with regard to occupational health and safety and for setting and achieving local targets accordingly.

#### POLICIES

- Guideline: Sika Site Safety System, in Corporate Management System
- Supplier Code of Conduct

### SPECIFIC ACTIONS

- **OHSAS Certification:** As of the year under review, 27 sites have achieved OHSAS 18001 (Occupational health and safety) certification, corresponding to roughly 30% of relevant entities.
- Sika has devised the Sika Site Safety Program to reduce accident rates and promote prevention. This is a program for implementation in the local companies, defining the preventive elements a Sika company needs to use locally. The local companies are in the process of implementing this program, and the audit scheme will follow up on the degree of implementation in the coming years.
- **Supplier audits:** Occupational health and safety is covered through Sika's supplier Code of Conduct. Suppliers are audited with regard to compliance with the Supplier Code of Conduct, which encompasses Environment, Health and Safety requirements, and corrective actions are requested if necessary.

## EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach by target setting, achieving or missing the targets and measuring the effectiveness of the approach. The conclusion of the evaluation of the management approach has been reviewed and has been proven to be effective.

**Monitoring:** Sika monitors its performance with regard to occupational health and safety on a regular basis. Internal reports are made quarterly to the Environment, Health & Safety and Sustainability department where results are followed up and management approaches adapted accordingly.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## TRAINING AND EDUCATION

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### WHY IS TRAINING AND EDUCATION A MATERIAL ASPECT FOR SIKA?

With over 16,000 employees worldwide, Sika sees training and education as crucial for retaining and grooming its workforce. The company has a large proportion of longtime associates and is aware that it needs to keep these valued colleagues in particular up to date regarding their relevant knowledge and abilities.

### HOW DOES SIKA MANAGE TRAINING AND EDUCATION?

Sika's management ensures that employees receive adequate training. The management approach for training and education within Sika includes the following components:

#### COMMITMENT

With a cooperative management style and diverse development and continued training activities, Sika promotes the individual skills and initiative of its employees and encourages their entrepreneurial engagement, at the same time as accommodating the company's dynamic development. Sika recognizes, monitors and continuously improves the performance ability of its employees.

#### GOALS AND TARGETS

Sika has no explicit target with regard to training and education but strives to offer every Sika employee 10 hours of training per year, and a fully-fledged training seminar for managers.

#### RESPONSIBILITIES

The responsibility for training and education lies with line management, following the principles of Corporate Human Resources and the Human Resource manuals.

### SPECIFIC ACTIONS

- **Management Development:** Sika's performance and talent management system has been the mainstay of management development activities for a number of years. Designed to identify and develop managers' skills, it facilitates systematic employee succession planning in the respective organizations, while promoting company growth by continually pinpointing new talent. Potential managers are developed at different levels, either through continuous training initiated by the respective national organization or provided by the Sika Business School.
- **Sika Business School:** The Sika Business School provides global, hands-on courses in the areas of management and talent development as well as marketing and sales.
- **Curriculums** include project assignments reflecting current everyday business situations. Members of Group Management and other line managers are involved in development activities to ensure that training remains relevant to practical needs. Product and application-based knowledge is delivered by academies whose course content and organization are defined by target market managers. With the focus on practical applications for Sika products, these training programs promote customer advisory skills.
- **Training Programs:** Training activities for each Sika employee are determined based on the evaluation by the line manager. Each employee should attend at least one training course per year (internal or external). All non-management functions are evaluated and managed by their line managers and Human Resources for training and development needs.

## EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach by target setting, achieving or missing the targets and measuring the effectiveness of the approach. The conclusion of the evaluation of the management approach has been reviewed and has been proven to be effective. Monitoring: Sika measures the quality of its training on a regular basis. Sika strives to record training hours on a regular basis. Training hours are reported quarterly internally to headquarters, where results are followed up on and necessary actions are being taken.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## DIVERSITY AND EQUAL OPPORTUNITIES

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### WHY IS DIVERSITY AND EQUAL OPPORTUNITY A MATERIAL ASPECT FOR SIKA?

Sika's worldwide presence makes the integration of widely differing cultures and the global exchange of knowledge and experience absolutely essential. This diversity is desired and seen as a key success factor for Sika.

### HOW DOES SIKA MANAGE DIVERSITY AND EQUAL OPPORTUNITY?

Diversity has until now not been actively measured and managed. Based on the outcomes of the measurements in 2013, Sika will introduce relevant management processes. Sika strives in particular to increase the proportion of women in managerial and commercial positions.

#### POLICIES

- Code of Conduct

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## HUMAN RIGHTS ASSESMENT / SUPPLIER HUMAN RIGHTS ASSESSMENT

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### HOW DOES SIKA SUPPORT HUMAN RIGHTS?

As a signatory of the UN Global Compact, Sika supports and respects the protection of internationally proclaimed human rights and ensures that it is not complicit in human rights abuses. With operations in over 80 countries, Sika is active in many regions ranking high on Human Rights Risks Indices, e.g. Egypt, Venezuela, Afghanistan, Iran, Pakistan, Mexico, and others and sees it therefore as its responsibility to assess its own operations with regard to potential human rights violations.

Sika's Code of Conduct ensures that it has a zero-tolerance policy with regard to human rights violations, and Sika has for this reason deemed the aspect as material. For the reporting year, Sika has had no indication or reports about human rights violations within its own entities. The General Managers are regularly instructed, briefed and signed on Sika's zero-tolerance policy regarding human rights.

With a broad supplier base in many high-risk countries with regard to human rights violations as well as the sourcing from industries where in particular labor rights are potentially at risk, Sika considers the protection of human rights across its supplier base as an important issue that needs to be monitored and managed. Sika's Supplier Code of Conduct focuses in particular on human rights and labor laws.

Sika regards protection of human rights as foundations of the business wherever it operates. Through mechanisms like audits and inspections Sika assures that Group companies protect human rights. However, the company will implement a more comprehensive management approach in 2014 with regard to both topics.

### HOW DOES SIKA MANGE HUMAN RIGHTS?

The Sika Group does currently not comprehensively assess its own operations with regard to potential human rights violations, but has given the General Managers, who are the company's legal representatives, the obligation to supervise and monitor the protection of human rights for their area of responsibility. In yearly discussions with the Corporate Legal Counsel, the local General Managers have to report on any incidents and actions taken.

## COMMITMENT

Sika is committed to aligning its operations and strategies with the universally accepted principles in the area of human rights and labor established by the United Nations Global Compact Initiative. In 2014, Sika will integrate human rights reviews into its Quality and Risk Management process.

## RESPONSIBILITIES

The regional line management is responsible for compliance with human rights principles and local regulations.

Assessment of Sika's own operations:

Sika has prepared a policy with a zero tolerance for human rights violations in its Code of Conduct. Sika will assess compliance with human rights through its internal auditing activities, and also integrate it in the audit agenda of Quality and Risk Audits to achieve a broader coverage. The General Managers in high risk countries will give account of the local human rights situation and their observations in this regard. In the event that violations are observed the legal department will take the responsibility for further consequences.

## SIKA'S SUPPLIERS

Sika's management approach to Supplier Human Rights Assessments is intended to avoid negative impacts caused by Sika's suppliers with regard to human rights and will be implemented in 2014. Screening of new suppliers: Based on the requirements set out in the Supplier Code of Conduct. Sika requires its new suppliers to answer self-assessments.

- The procurement organization of a "risk geography" identifies suppliers with a hazard based on the results of the self-assessments.
- Suppliers that show a high risk of human rights violations are screened using desktop research and supplier audits through Sika personnel.
- Compliance with the set of human rights included in the Supplier Code of Conduct will be part of the contracts requirements.
- In case human rights violations are found, termination of the relationship with supplier is the only option.

In addition to covering new suppliers, Sika also intends to monitor local suppliers specifically in "risk geographies", where human rights violations are known or suspected.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## LOCAL COMMUNITIES

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### **WHY ARE LOCAL COMMUNITIES A MATERIAL ASPECT FOR SIKA?**

Sika employs over 16,000 people in more than 80 countries around the world. Through its local activities, Sika contributes directly to the economic and social development of the local communities by providing secure and safe workplaces, transferring knowledge through ongoing training activities to its local employees and by introducing new technologies in the building sector improving the quality of local housing and infrastructure. Sika's economic impact on local communities is multiplied through its local sourcing structures.

Sika builds trust and creates value with customers, communities and society. Sika believes that immersion into the social networks of countries, societies and communities will also generate great benefit for its business.

Through the Romuald Burkard Foundation, which was established in 2005, Sika is contributing with targeted project sponsorship to enhancing the social development of the local communities where it operates.

### **HOW DOES SIKA MANAGE LOCAL COMMUNITIES?**

The management approach of Sika is intended to enhance the positive impacts Sika has on local communities through the engagement of the Romuald Burkard Foundation. The management approach for local communities includes the following components:

#### COMMITMENT

Sika is committed to build trust and create value with its customers, communities and society. When supporting projects via the Romuald Burkard Foundation, local Sika companies are required to put forward specific aid applications and together with local partners to supervise the projects on site until completion.

#### GOALS AND TARGETS

Sika's 5-year target plan for 2014-2018 includes the following target for local communities:

- Plus 5% in the number of projects (Baseline 2013)

## RESPONSIBILITIES

The General Manager of the country organization is responsible for the activities and spend in order to portray Sika as a good corporate citizen in the communities where it operates, including the wider society.

## POLICIES

Sika has developed a sponsorship concept with criteria for sponsorship.

## SPONSORING ACTIVITIES

- Communicate Sika's brand personality and articulate Sika's Brand promise "Building Trust" (Brand Affinity);
- Have a link to Sika's business and its target markets (Business Affinity);
- Transmit core values to the public: courage for innovation, strength to persist, pleasure of working together (Sika Values);
- Demonstrate good corporate citizenship;
- Offer involvement for Sika stakeholders, for customers through special services, but also for employees, e.g. via participation (Involvement).

## SPECIFIC ACTIONS

- Romuald Burkard Foundation
- Local Community Projects

## EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach through:

- **Internal audits:** Internal auditors visit up to 20 Sika subsidiaries per year. On that occasion, the effectiveness of activities directed toward local communities is checked.
- **Defined processes** for monitoring, reviewing and evaluating:
  - Regions: Information on current and planned projects to Corporate Communications twice a year.
  - Corporate Communications: Documentation and summary of sponsoring activities annually (2nd quarter of each calendar year to the CEO). This documentation is distributed to all countries ("best cases").

For the Romuald Burkard Foundation the process is managed as follows:

- General Managers: Project request with project description, including costs and duration to Corporate Communications.
- Corporate Communications: Evaluates and recommends projects; approval from CEO for projects up to CHF 1.0 m, by the Chairman for projects above CHF 1.0 m.
- Board of Directors: Receives report / summary from the CEO (status of all approved projects).

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## ANTI CORRUPTION

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### WHY IS CORRUPTION A MATERIAL ASPECT FOR SIKA?

Corruption is a phenomenon with worldwide presence causing economic damage and contributing to an unfavorable business environment by distorting market mechanisms and increasing the cost of doing business. The World Bank estimated that 0.5% of GDP is lost through corruption each year, impeding in particular the economic development of developing countries.

The broad presence of corruption has led to an increase in regulation such as the introduction of the UK Bribery Act in 2013.

As Sika operates in many countries with high levels of corruption and is active in the construction industry, known for its exposure to corruption, the subject is of considerable importance to Sika.

For the same reasons corruption is also an important issue in Sika's supplier relationships.

## HOW DOES SIKA MANAGE CORRUPTION?

Sika's management approach for anti-corruption is intended to avoid negative impacts. In order to avoid conflict of interest, Sika's Code of Conduct states:

- "Avoid any situation that may create a conflict of interest between your personal and family interests and Sika's interests. Fully disclose such conflicts to your line manager.
- Avoid any activities competing with Sika.
- Do not use a business opportunity of Sika for your own personal benefit."

The management approach for anti-corruption within Sika includes the following components:

### COMMITMENT

Sika has a zero-tolerance policy concerning bribery and corruption within its own operations and with its suppliers.

### POLICIES

- Code of Conduct
- Supplier Code of Conduct

### GOALS AND TARGETS

Sika does not tolerate any incidents of corruption.

### RESPONSIBILITIES

The General Manager of the country organization is responsible for compliance with Sika's Code of Conduct and the supplier Code of Conduct and setting of local rules and training.

## SPECIFIC ACTIONS

- **Audits:** The compliance with Sika's Code of Conduct is monitored through regular audits (approx. 30 in 2013) and legal supervision of the local companies and General Managers.
- **Supplier Management:** Sika's Supplier Code of Conduct requests its suppliers to respect Sika's zero-tolerance policy concerning bribery and corruption and avoid any active or passive corruption. They demonstrate integrity in all their business activities. Suppliers have systems in place to ensure the proper instruction, training and auditing of its personnel and sub-contractors to ensure compliance with these principles. To the extent Sika is directly concerned, suppliers are obliged to immediately inform Sika of any violations of this code of conduct detected.
- **Training:** Anti-corruption is part of the Code of Conduct training for all employees and General Manager briefings. All personnel in all companies are regularly reminded, at least once a year, about these rules. General Managers of all Sika companies will for each year confirm compliance of his/her company with these rules every year. Corporate functions regularly conduct training sessions and audits. Sika will also devise a specific training on anti-corruption in 2014, for every employee.
- **Support of Transparency International:** In order to support the international fight against corruption, Sika financially supports Transparency International.

## EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach through:

- **Monitoring:** Sika measures reported incidents of corruption and actions taken on a regular basis. Confirmed incidents of corruption and actions taken are followed up annually by the Legal department and reported to the Board of Directors. Incidents are followed up, and management approaches adapted accordingly.
- **Evaluation of results from audits:** Audit results are implemented within the management system.
- **Legal oversight:** Through the audits carried out by Internal Audit on a regular basis, or if suspicion of corruption or fraud prevails, all relevant financial transactions are audited.
- **Overview of legal cases:** Sika's Compliance Officer prepares reports to the Audit Committee of the Board about any cases detected and the consequences.
- **General Managers' briefings:** On a regular basis annually, the General Managers are instructed and briefed by the Legal Counsel about anti-corruption requirements in the companies. They also sign a letter of understanding to operate an internal control system for the respective company and escalate any incident of corruption.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

## CUSTOMER HEALTH AND SAFETY

### WHY IS CUSTOMER HEALTH AND SAFETY A MATERIAL ASPECT FOR SIKA?

As a supplier of building materials and specialty chemicals, Sika's products can involve health and safety risks for its customers, if they are not handled properly and the necessary safety measures are not taken. Over the last decades regulation and political approaches such as REACH have aimed at reducing the negative impacts of chemicals on health and safety, making the topic highly important for companies from the chemicals sector.

The reduction of health and safety impacts of Sika's products and ensuring that Sika's customers are fully aware of handling requirements and can work safely is a highly important topic for Sika.

Sika's performance with regard to assessment and improvement of the health and safety impacts of its products.

### HOW DOES SIKA MANAGE CUSTOMER HEALTH AND SAFETY?

Sika's management approach for customer health & safety is intended to avoid negative impacts through its products. The management approach includes the following components:

#### COMMITMENT

Sika's Mission Statement: "We want to assume our responsibility for safety and the environment along the entire value chain." "We are committed to considering all requirements and obligations arising for substances used in our products."

#### POLICIES

- Supplier Code of Conduct
- Product Stewardship Guidelines of the Group

#### GOALS AND TARGETS

Annual target for chemical products: 100% of chemical products in assessment or assessed for health and safety impacts, and improvements.

#### RESPONSIBILITIES

The responsibility for the products sold in the individual Sika country organization is with the local organizations, and finally with the General Manager. The responsibility for product data regarding Health & Safety is with Product Stewardship.

### SPECIFIC ACTIONS

- **REACH, GHS / CLP:** The Sika Group has implemented a project approach for REACH and GHS / CLP and other relevant chemical registration and labelling requirements throughout its entire organization. Group Management has set up a central corporate REACH and Chemical Regulatory Department in order to coordinate all corporate activities regarding this legislation.
- **Assessment of Health and Safety impacts:** Legal requirements on construction material suppliers requests that health and safety impacts are ensured along the value chain:
  - From raw materials supply to the factory,
  - Handling in factory (work place safety of own people),
  - Manufacturing of products (work place safety of own people),
  - Packaging of products (work place safety of own people),
  - Shipping to customers (dangerous goods),
  - Storage (customer safety),
  - Application (customer safety),
  - Use phase (customer safety), and
  - End of life (customer safety).

Customer health and safety is therefore crucial for Sika and is considered in R&D work (formulation work, system design etc.) where product characteristics are determined. Customers and product users can participate in frequent application training sessions to learn the proper use of the products.

- Update and review of product information: All product information, specifically Safety Data Sheets and Product Data Sheets must be up to date and reviewed regularly.

## PRODUCT AND SERVICE LABELING

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### **WHY IS CUSTOMER SATISFACTION A MATERIAL ASPECT FOR SIKA?**

The Sika brand stands for innovation, quality and service, and is a solid bond between the company and its customers. The power of the Sika brand, however, is that all Sika employees are committed to meeting and delivering the expectations of customers, business partners and other stakeholders. Sika is aware of the fact that a strong brand represents a promise kept. Customer satisfaction is therefore a key material aspect for Sika.

### **HOW DOES SIKA MANAGE CUSTOMER SATISFACTION?**

Sika's management approach for product and service labeling regarding customer satisfaction is intended to understand the customer's experience of Sika's products and the company itself as something enhancing and positive while understanding any improvement potentials.

The management approach for customer satisfaction within Sika includes the following components: Analysis of the results of customer surveys in the country, deriving potential improvements, further interviews, details and analysis, improvement plan and implementation, confirmation of the positive impact.

#### **Responsibilities**

Customer satisfaction surveys are done on a country level, and the marketing and sales organizations are responsible for ensuring overview. In addition the quality departments are responsible for inbound claims from customers and for coordinating the responses with sales and technical departments.

### **SPECIFIC ACTIONS**

- **Customer Satisfaction Surveys:** Customer experience and satisfaction is measured locally by the country organization. The local companies use the locally available partners to survey their customer base, taking the local language, trade channels, customs and cultures into account.
- **Customer Services:** In all companies a comprehensive customer service has been established including personal, phone and online channels.

### **EVALUATION OF THE MANAGEMENT APPROACH**

In order to evaluate the effectiveness of the management approach Sika applies:

Monitoring: Sika measures its customer satisfaction on a regular basis. Customer satisfaction is followed up locally, results are followed up and management approaches adapted accordingly.

As this is the first GRI G4 Report, the conclusions of the evaluation of the management approach will be covered in the next reporting cycle.

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