

# SIKA'S SUSTAINABLE PACKAGING CHALLENGE 2024

SIKA'S SUSTAINABILITY GOALS & OUR PURSUIT OF  
SUSTAINABLE PACKAGING SOLUTIONS

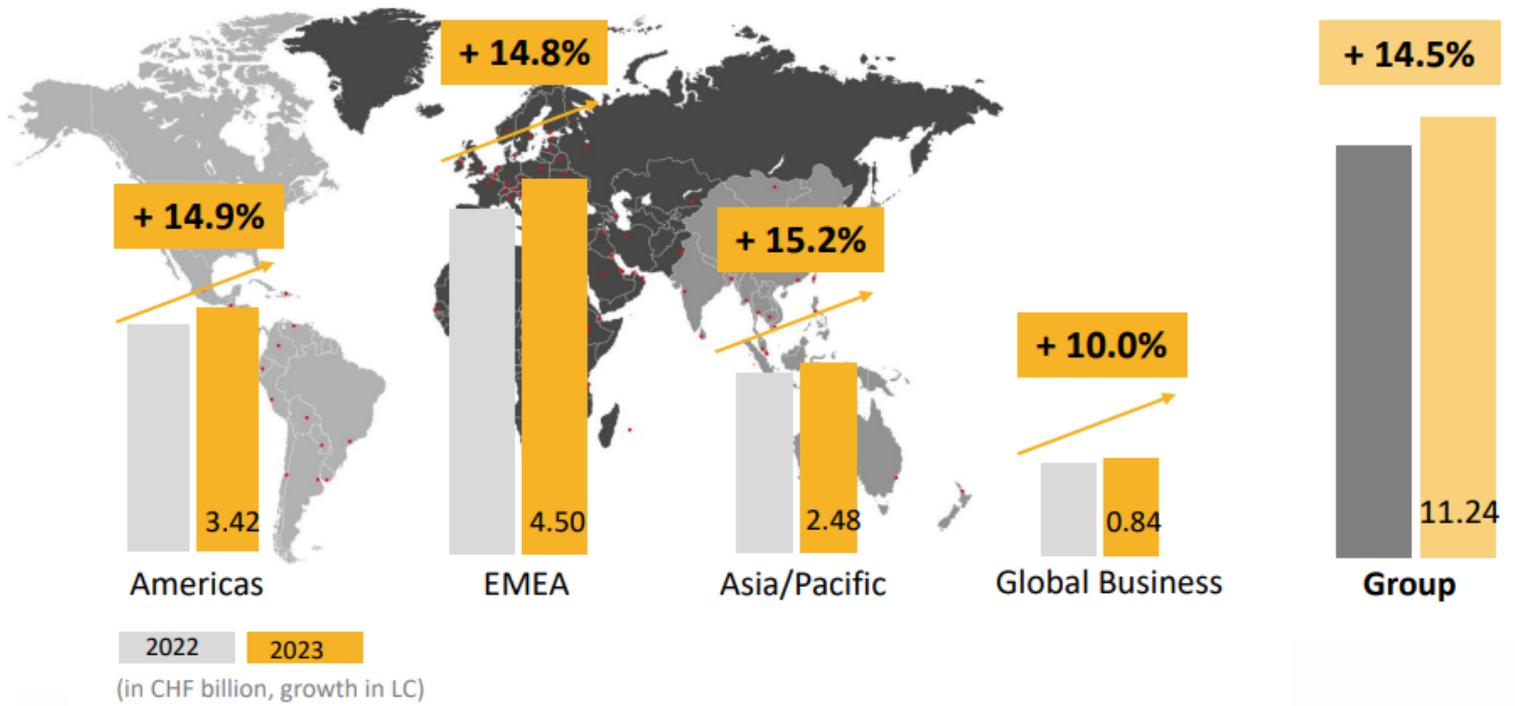
## COMPANY PROFILE

Sika is a specialty chemical company with a leading position in products for bonding, sealing, damping, reinforcing and protecting in the construction and automotive industries. Sika's product lines include concrete admixtures, mortars, sealants and adhesives, structural reinforcement systems, as well as waterproofing and roofing systems.

Local presence around the world with subsidiaries in more than 100 countries and more than 33,000 employees (2023) directly connects Sika with its customers and ensures the success of all our partners. In the pursuit of value creation for all stakeholders, Sika posts record sales of CHF 11.2 billion in 2023.

# SIKA WITH RECORD SALES IN 2023

## SALES GROWTH OF 14.5% IN LOCAL CURRENCIES



### SIKA'S SALES GROWTH IN 2023

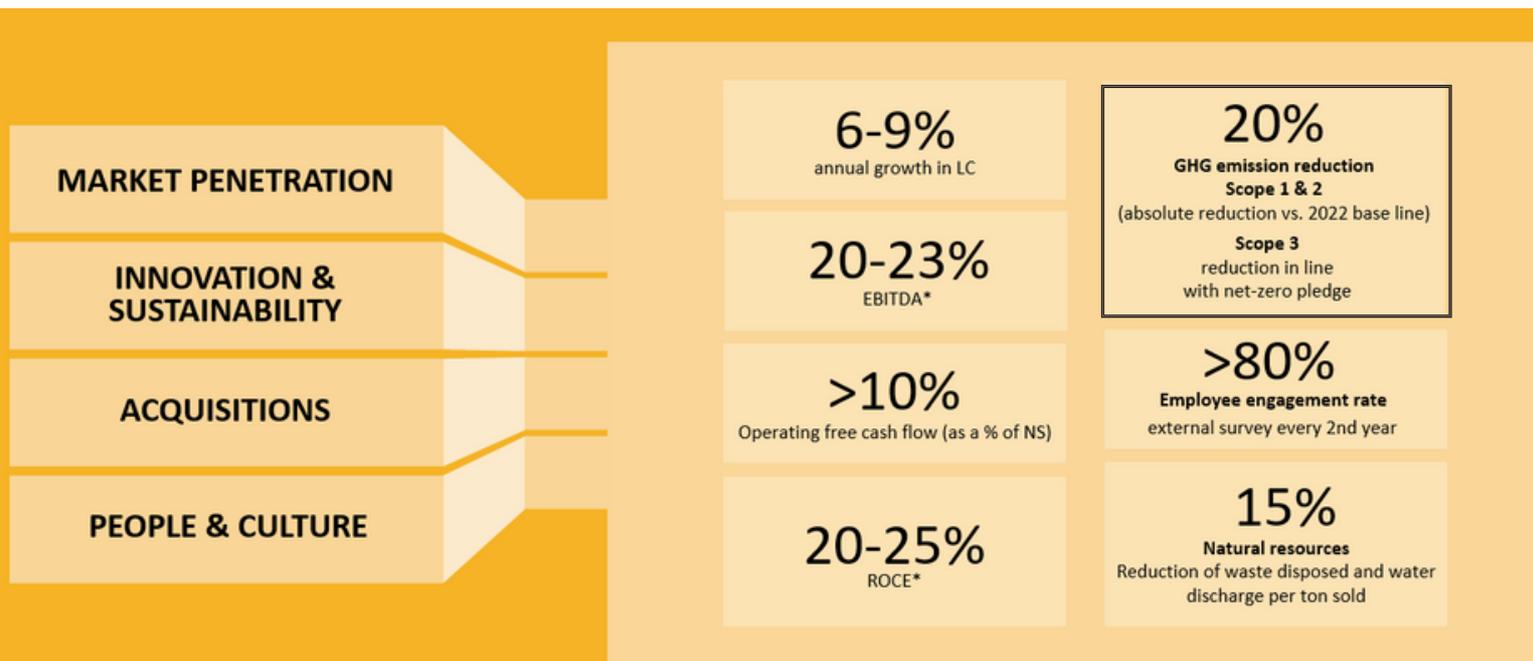
In general, the growth trends of the first nine months continued in the final quarter of fiscal 2023. All regions performed well and contributed to Sika's further growth and the systematic expansion of market shares. In 2023, Sika experienced positive organic growth, compared to a market that was characterized by a negative organic development.

### SIKA'S STRATEGY 2028: BEYOND THE EXPECTED

Sika's New Strategy 2028 was developed and launched in 2023. It encompasses both financial and non-financial considerations and targets.

Sika bases the new strategy on the following pillars:

- Market Penetration
- Innovation & Sustainability
- Acquisitions
- People & Culture



\* Once MBCC synergies materialized

## SIKA'S STRATEGY 2028

On October 2023, at Capital Markets Day in Zurich, Sika presented its new Strategy 2028, "Beyond the Expected", which builds on the company's successful growth model. The roadmap leverages on Sika's strong market position and innovation power and sets the course for an even stronger performance in the years to come. The annual growth target will be lifted to 6-9% in local currencies and profitability target will be increased to an EBITDA margin of 20-23%. The new growth strategy is based on the four pillars market penetration, innovation & sustainability, acquisitions, as well as people & culture and includes a balanced set of financial and non-financial targets. Furthermore, Sika reports a strong sales growth year to date (January to August 2023) of +12.2%.

### More ambitious financial targets

With the new strategy, Sika once again sets a higher mid-term guidance for growth and profitability.

On **growth**, the company intends to boost sales by 6-9% per year (target until 2023 was 6-8%) in local currencies until 2028, despite a volatile short term market environment.

Sika has perfectly positioned itself to benefit from megatrends such as an increasing world population, urbanization, resource scarcity, digitalization, and climate change. These megatrends drive customer demand for efficient and sustainable solutions.

Profitability will be increased to 20-23% EBITDA margin (close to 19% in 2022), mainly by enhanced leverage, operational efficiency, and improving material margins. To further underline the importance of acquisitions for the Group, Sika has changed to EBITDA as the key performance indicator in the new strategy. The reason being that it excludes distortion from intangible asset amortization, and thus gives a more concise picture of the actual local business performance.

In addition, Sika maintains its objective of an operating free cashflow above 10% of net sales. It will continue to strive for a return on capital employed of 20-25%.

### Focus on sustainability and high employee engagement

Sika's sustainability roadmap is a cornerstone of its new growth strategy. Sika's products and services make buildings, infrastructure, and vehicles more energy

efficient, extend their life span, contribute to circularity, and help reduce CO2 emissions.

At the same time, by 2028, Sika aims to reduce absolute scope 1 and 2 emissions – its own greenhouse gas emissions – by 20% compared to 2022. Sika also strives to decrease emissions through its value chain – scope 3 – in line with its net-zero-pledge by 2050. In addition, the company is committed to save natural resources and reduce the waste volumes disposed and the water discharged per ton sold by 15% until 2028 compared to the base year 2023.

Sika's employees are its most valuable asset. Through effective leadership, the company aims to maintain its exceptional employee engagement rate above 80%. This will be measured using the results of a company-wide survey that will be conducted every two years by an independent external provider.

"BEYOND THE  
EXPECTED – THAT'S  
WHAT SIKA STANDS  
FOR BOTH NOW AND  
IN THE FUTURE. WITH  
OUR NEW STRATEGY  
2028 WE ARE  
PERFECTLY  
POSITIONED TO  
CONTINUE OUR  
SUCCESSFUL PATH OF  
SUSTAINABLE  
PROFITABLE GROWTH"

THOMAS HASLER,  
CHIEF EXECUTIVE OFFICER

## Scope 1 (direct) and Scope 2 (indirect)

### Commitment to Net Zero by 2050

#### Scope 1 & 2 1.5°C aligned:

- - 42% by 2032
- - 90% by 2050

\*Baseline: 2022

## Scope 3 (indirect)

### Scope 3 well below 2°C aligned by 2032

#### and 1.5°C aligned by 2050:

- -25% by 2032
- -90% by 2050

\*Baseline: 2022

COMPANY/FINANCIAL INSTITUTION	TARGETS			ORGANIZATION TYPE
	NEAR TERM	LONG TERM	NET-ZERO	
Sika AG ★ Switzerland, Europe	COMMITTED	-	COMMITTED	Company

## SIKA'S NET ZERO PLEDGE

The construction sector is responsible for 40% of global CO2 emissions, while road traffic accounts for 20% of global CO2 emissions. Sustainability is a key factor in Sika's corporate strategy and, as a leading player in its industry, Sika possesses the product solutions, technologies, and necessary innovative strength to drive forward a meaningful transformation in the construction and transportation sectors.

In 2022, Sika initiated a net zero project to develop a roadmap with GHG emissions abatement targets. The findings of the net zero project will flow into the 2028 Strategy development process. During the first phase of the net zero project, Sika conducted a high-level assessment to identify potential decarbonization levers.

Starting from the official commitment day - September 16, 2022 - Sika has up to 24 months to submit its targets for SBTi validation. The commitment focuses on two time horizons for both scope 1, 2 and scope 3 with a near-term interim target in ten years (2032), and a net zero target by 2050.

In such a context, the Sustainable Packaging Challenge aims to help reduce Sika Scope 3 emissions and packaging waste, while pursuing its net zero goals.

"Sika is committed to reducing the impact of climate change through its products, solutions and services. It's our ambition to combine sustainability with high performance. We help our customers reduce their carbon footprint through technology platforms that provide sustainable solutions for industry and construction."

**Patricia Heidtman, Sika Chief Innovation and Sustainability Officer**

## FROM SIKA'S SUSTAINABILITY STRATEGY TO THE LAUNCH OF OUR FIRST SUSTAINABLE PACKAGING CHALLENGE FOR ASIA PACIFIC

Given the significance of sustainability and innovation in Sika's growth plan, and our dedication to society, we extend an invitation to collaborate with Sika on a challenge aimed at discovering novel possibilities that enhance the sustainability and innovation of our packaging supply chain.

**Objective:** To find proposals from packaging suppliers that are innovative, sustainable, attractive and cost-effective for Sika and that meet one of the following general conditions:



Circular Economy



Recycling



New Materials

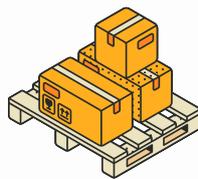


New Technologies

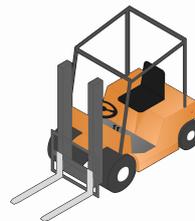
## AREAS OF INNOVATION



**Circular Economy model:** This model involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.



**Packaging Sustainability & Innovation:** Intelligent packaging involves using recycled materials, simplifying product codes, and adopting eco-friendly packaging that uses less material, space, and generates minimal waste.



**Operational and logistical efficiencies:** Sika aims to optimize value chains across all sites in the coming years while simultaneously reducing energy consumption and CO2 emissions.



**Increased cost efficiency:** Sika strives to uphold its quality standards while remaining cost-competitive to address global trends such as resource-saving construction methods, energy-efficient materials, and low emissions.