

SIKA BUSINESS YEAR 2023

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BUILDING TRUST



COMPENSATION REPORT

The compensation system is well-balanced and supports long-term value creation for Sika and its stakeholders.

100%

INDEPENDENT NOMINATION AND
COMPENSATION COMMITTEE

ESG

TARGETS INTRODUCED IN LTI PLAN
FOR 2024

COMPENSATION REPORT

The Compensation Report describes the compensation principles and programs, as well as the governance framework related to the compensation of the Board of Directors and the Members of Sika's Group Management. The report also provides details regarding the compensation programs and the payments made to Members of the Board of Directors and of Group Management in the 2023 business year.

The Compensation Report is written in accordance with the Swiss Code of Obligations, the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance by *economiesuisse*. It has the following structure:

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Introduction by the Chair of the Nomination and Compensation Committee

Dear Shareholders,

In the name of the Board of Directors and the Nomination and Compensation Committee, I am pleased to introduce the 2023 Compensation Report.

Overall, Sika maintained its profitable growth trajectory in 2023 even in a challenging economic environment. The total sales figure amounted to CHF 11,238.6 million, a rise of 7.1% in Swiss francs. In May, Sika closed with MBCC the biggest acquisition in the history of the company and in October, Sika released its new growth strategy, which 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. The Compensation Report outlines how the business results impacted the variable incentive payments made to the Members of Group Management under the different compensation plans.

In the reporting year, the Nomination and Compensation Committee continued to focus on succession planning for positions on the Board of Directors and Group Management. Thierry F.J. Vanlancker will be proposed as new Chair of the Board of Directors at the next Annual General Meeting in 2024, as Paul Hälgi has decided to step down from his position after twelve successful years. As of October 1, 2023, a rotation in the Group Management took place with the following changes: Christoph Ganz, former Regional Manager Americas, was appointed Regional Manager EMEA; Mike Campion, former Regional Manager Asia/Pacific, was appointed Regional Manager Americas; Philippe Jost, former Head Construction, was appointed Regional Manager Asia/Pacific; Ivo Schädler, former Regional Manager EMEA, was appointed Head Construction; Raffaella Marzi was Head Human Resources & Compliance, and is now Head Human Resources, Legal & Compliance.

The Nomination and Compensation Committee performed its regular activities on compensation matters throughout the year, such as the annual review of the compensation programs, the performance goal-setting and performance assessment of Group Management, the determination of the compensation of the Members of the Board of Directors and Group Management, as well as the preparation of the Compensation Report and of the say-on-pay votes at the Annual General Meeting. In the context of the annual review of the compensation programs applicable to Group Management, the Nomination and Compensation Committee decided to amend the performance objectives in the incentive plans as of 2024 in order to further strengthen the alignment of the plans with the business and sustainability strategy. First of all, the long-term incentive (LTI) will include ESG targets with a weight of 20% which consist of a GHG emissions reduction target (scope 1 and 2), a water discharge reduction target, and a waste disposal reduction target. The other performance indicators will continue to be the relative total shareholder return (TSR) and the return on capital employed (ROCE), each with a weighting of 40%. ROCE will be measured relative to peer companies. Secondly, the short-term incentive (STI) will again include a people and project target with a weight of 10%, to replace the current GHG emissions reduction target. The structure of the compensation plans will otherwise remain unchanged.

At the 2023 Annual General Meeting, a binding vote on the aggregate maximum compensation amounts for the Board of Directors and for Group Management was conducted, as well as a consultative vote on the Compensation Report, so that shareholders could express their opinion on our compensation policies and principles. The shareholders approved the compensation amounts for the Board of Directors and for Group Management as well as the consultative vote on the Compensation Report with a very high approval rate. These positive voting outcomes demonstrate that the company's active dialogue with investors is fruitful and that shareholders endorse the company's compensation system. We would like to thank investors for their continued trust and support.

Looking ahead, we will continue to assess and review our compensation programs to ensure that they are still fulfilling their purpose in the evolving context in which the company operates and are aligned with the interests of our shareholders. We will also continue to maintain an open dialogue with our shareholders and their representatives. We would like to thank you for sharing your perspectives on executive compensation with us, and trust that you will find this report informative.

Sincerely,



Justin M. Howell
Chair of the Nomination and Compensation Committee

Compensation governance

NOMINATION AND COMPENSATION COMMITTEE

In accordance with the Articles of Association and the Organizational Rules of Sika AG, the Nomination and Compensation Committee is composed of three Members of the Board of Directors who are elected individually by the Annual General Meeting for a period of one year. At the Annual General Meeting 2023, Justin M. Howell (Chair), Gordana Landén, and Thierry F. J. Vanlancker were elected Members of the Nomination and Compensation Committee.

It is the responsibility of the Nomination and Compensation Committee to:

- review and determine the compensation policy, including the principles for variable compensation and shareholding programs according to the provisions specified in the Articles of Association;
- propose to the Board of Directors the maximum aggregate amounts of compensation of the Board of Directors and of Group Management to be submitted to the shareholders' vote at the Annual General Meeting;
- propose to the Board of Directors the compensation level for the Members of the Board of Directors, the CEO, and the other Members of Group Management, within the maximum aggregate compensation amounts approved by the Annual General Meeting;
- provide the Board of Directors with a performance assessment of the CEO and of the other Members of Group Management, together with a recommendation for the short-term and long-term incentives to be awarded to each of them, based on the performance of the Group, its regions, and the individual performance;
- propose to the Board of Directors the Compensation Report;
- prepare the succession planning of the CEO and other Members of Group Management, and propose to the Board of Directors the appointment of new Members of Group Management;
- prepare the succession planning of the Board of Directors and propose to the Board of Directors new candidates to the Board of Directors.

LEVELS OF AUTHORITY

	CEO	BoD Chair	NCC	BoD	AGM
Compensation policy and principles			Proposes	Approves	
Maximum aggregate compensation amounts of BoD and GM			Proposes	Reviews	Approves (binding votes)
Compensation of BoD Chair			Proposes	Approves	
Individual compensation of BoD Members			Proposes	Approves	
Compensation of CEO		Proposes	Reviews	Approves	
Individual compensation of Members of GM	Proposes		Reviews	Approves	
Compensation Report			Proposes	Approves	Consultative vote

CEO = Chief Executive Officer, BoD = Board of Directors, NCC = Nomination and Compensation Committee, AGM = Annual General Meeting, GM = Group Management

In 2023, the Nomination and Compensation Committee held five meetings according to the following predetermined annual agenda, as well as one ad hoc meeting.

	Feb	Apr	May	Oct	Dec
Review of overall compensation policy and compensation governance					
Review of external stakeholder feedback on compensation policy and disclosure			■		
Review of overall compensation policy (including benchmarking peer group)			■	■	
Preparation (December) and approval of Compensation Report (February of following year)	■				■
Review of shareholdings of Members of the Board of Directors and Group Management (shareholding ownership guideline)	■				
Preparation of say-on-pay vote for next Annual General Meeting	■				
Review of committee duties, accountabilities, and responsibilities	■				
Approval of meeting schedule of the Nomination and Compensation Committee	■				
Self-assessment by the Nomination and Compensation Committee	■				
Compensation of Board of Directors					
Determination of compensation for following compensation period (AGM to AGM)		■			
Benchmark of compensation of the Board of Directors (every 2-4 years)				■	
Compensation of Group Management					
Preliminary performance evaluation (previous year)	■				
Final performance evaluation (previous year)		■			
Determination of short-term incentive payout for previous year		■			
Determination of long-term incentive vesting (previous performance period)	■				
Preliminary compensation review for following year (including benchmarking analysis every two years)				■	
Determination of compensation (at target) for following year					■
Determination of performance objectives for following year					■
Nomination items					
Review of Board of Directors constitution			■		
Appraisal and management development plan for Members of Group Management			■	■	
Succession planning for Group Management positions				■	

For details on attendance at meetings, please refer to the Corporate Governance Report on p.168 and 169.

The Chair of the Nomination and Compensation Committee reports to the Board of Directors after each meeting on the activities of the committee. The minutes of the committee meetings are made available to the Members of the Board of Directors. As a general rule, the Chair of the Board of Directors and the CEO attend the meetings in an advisory capacity. They do not attend the meeting when their own compensation and/or performance are being discussed.

The Nomination and Compensation Committee may decide to consult an external advisor from time to time for specific compensation matters. In 2023, PricewaterhouseCoopers (PwC) Switzerland provided services related to executive compensation matters. PwC provides other services to Sika, and there are clear rules in place to ensure the independence of PwC consultants. In addition, support and expertise are provided by internal compensation experts, such as the Head Human Resources, Legal & Compliance and the Head Compensation & Benefits.

SHAREHOLDER INVOLVEMENT

The role of the shareholders on compensation matters has gained importance in recent years. First of all, shareholders annually approve the maximum aggregate compensation amounts of the Board of Directors and Group Management. In addition, the principles of compensation are governed by the Articles of Association, which are also approved by the shareholders. The provisions of the Articles of Association on compensation are summarized below (please refer to <https://www.sika.com/en/investors/corporate-governance-risk-management/articles-of-association.html>):

- **Principles of compensation applicable to the Board of Directors** (Art. 11.1, 11.3, and 11.8): The Board of Directors receives fixed compensation in cash and/or in shares.
- **Principles of compensation applicable to Group Management** (Art. 11.1, 11.4 to 11.6, and 11.8): Group Management receives fixed and variable compensation. The variable compensation consists of a performance bonus paid in cash and of a long-term incentive in the form of equity compensation. For the CEO, the variable compensation (value of paid-out performance bonus and grant value of the long-term incentive) may not exceed 300% of the fixed compensation. For the other Members of Group Management on average, the variable compensation may not exceed 200% of the total fixed compensation.
- **Binding vote by the Annual General Meeting** (Art. 11.2): The Annual General Meeting annually approves the total fixed compensation amount for the Board of Directors for the period until the next ordinary Annual General Meeting and the maximum total fixed and variable compensation amount for Group Management for the next business year.
- **Additional amount for new Members of Group Management** (Art. 11.7): The total additional compensation for each new Member of Group Management may not exceed the average total compensation of Group Management in the previous business year by more than 200%, or 400% in the event of a new election of the CEO. Proven disadvantages from a change of position may be compensated within this additional amount.
- **Pension benefits, loans, and credits** (Art. 12): Pension benefits are offered only in accordance with the occupational pension plans, which are specified in the respective regulations. The company does not offer any loans, credits, guarantees, or other securities to Members of the Board of Directors and Group Management.

In addition, the Compensation Report is submitted to a consultative shareholders' vote, so that shareholders can express their opinion on the compensation policy and programs.

METHOD FOR DETERMINING COMPENSATION

PERIODIC BENCHMARKING

The compensation of the Board of Directors is reviewed against prevalent market practice of other multinational industrial companies on a regular basis (every two to four years). In 2023, a thorough review was conducted by PwC to determine the competitiveness of the Board compensation in terms of structure and quantum. For this purpose, a peer group of Swiss multinational companies of the industry sector listed on the SIX Swiss Exchange was selected for the benchmarking analysis. The peer group consists of ABB, Alcon, Barry Callebaut, Geberit, Givaudan, Holcim, Kühne+Nagel, Lindt, Lonza, Novartis, Richemont, Roche, Schindler, SGS, and Sonova. This group is well-balanced in terms of market capitalization, revenue size, and headcount. The analysis showed that the compensation structure and levels are in line with prevalent market practice.

Regarding the compensation of Group Management, a benchmarking analysis is conducted at least every two years with the support of an independent consultant. This analysis was performed in 2023 by PwC and Willis Towers Watson. For the Group Management positions based in Switzerland, PwC provided the analysis based on the same peer group of companies as for the compensation review of the Board of Directors. For the Group Management positions based outside Switzerland, compensation data of similar positions in industrial companies in the country of employment which are available in the Willis Towers Watson database are used as benchmark. PwC compiled the relevant benchmarking data in a report that served as a basis for the Nomination and Compensation Committee to analyze the compensation of the CEO and Group Management, and to set their target compensation levels for 2024. Sika's policy is to pay market median compensation for solid performance (target compensation) and to provide for compensation above the market median in the event of a strong performance. For newly promoted Members of Group Management, Sika's policy is to set target compensation below the market median and to subsequently increase it to market level over a period of two to three years, conditionally upon solid performance.

PEER GROUP FOR BENCHMARKING PURPOSES

in CHF thousands	Market capitalization (01/09/2023)	Revenue (2023)	Headcount (2023)
Sika	38,037	11,239	33,547
Upper quartile	49,213	28,208	84,453
Median	31,185	8,092	35,853
Lower quartile	17,691	6,433	16,705

PERFORMANCE MANAGEMENT

The actual compensation paid to the individual Members of Group Management in a given year depends on the Group, region, and individual performance. Individual performance is assessed through the annual performance management process, which aims to align individual and collective objectives, to stretch performance, and to support personal development. The objectives for a given business year for the CEO and Members of Group Management are approved by the Nomination and Compensation Committee at the end of the previous business year, and achievement against those objectives is assessed at the beginning of the following year. The performance assessment of the Members of Group Management is conducted by the CEO, while that of the CEO is conducted by the Chair of the Board of Directors. The Nomination and Compensation Committee reviews the performance assessment of the CEO and the other Members of Group Management before submitting them to the Board of Directors for approval. In discussing performance, the Nomination and Compensation Committee reflects on the achievement of the individual objectives of each Member of Group Management. The Nomination and Compensation Committee also considers the extent to which individuals have carried out their duties in line with company values and expected leadership behaviors. The individual performance assessments, together with the Group's performance, form the basis for the determination of incentive payout levels.

COMPENSATION PRINCIPLES

COMPENSATION OF THE BOARD OF DIRECTORS

In order to guarantee the independence of the Members of the Board of Directors in exercising their supervisory duties, their compensation consists of a fixed remuneration only. The compensation is delivered partially in cash and partially in blocked shares, and shareholding ownership guidelines are in place to strengthen the alignment with shareholders' interests.

COMPENSATION OF GROUP MANAGEMENT

Sika's compensation programs reflect a commitment to attract, develop, and retain qualified, talented, and engaged executives. They are designed to motivate executives to achieve the overall business objectives and to create sustainable shareholder value. The compensation programs are based on the following principles:

PAY FOR PERFORMANCE AND SUSTAINABLE SUCCESS

The compensation of Group Management is linked to Sika's performance (Group and regions) and to individual performance. Through a well-balanced combination of incentive programs, both annual performance and long-term success are rewarded. Furthermore, performance is measured both in absolute terms (year-on-year improvements) and in relative terms (compared to other companies subject to similar market cycles) and includes financial results as well as non-financial objectives, such as sustainability/ESG goals.

ALIGNMENT WITH SHAREHOLDER INTERESTS

A significant portion of compensation is delivered in the form of shares and shareholding ownership guidelines are in place to align the interests of executives with those of the shareholders.

MARKET COMPETITIVENESS

Compensation is regularly benchmarked and is in line with competitive market practice.

TRANSPARENCY

Compensation programs are straightforward and transparent.

The compensation programs include key features that align the interests of executives with those of shareholders and are in line with good practice in corporate governance.

WHAT WE DO

- ⊕ Conduct an annual review of the compensation policy and programs
- ⊕ Maintain compensation plans with a strong link between pay and performance
- ⊕ Conduct a rigorous performance management process
- ⊕ Maintain compensation plans designed to align executive compensation with long-term shareholder interests
- ⊕ Require that the Board of Directors, the CEO, and the other Members of Group Management own a minimum number of Sika shares as a percentage of their annual base salary
- ⊕ Include clawback and malus provisions in the incentives
- ⊕ Offer employment contracts with a notice period of a maximum of twelve months
- ⊕ Ensure pay equality and fairness in all countries we operate in

WHAT WE DON'T DO

- ⊗ Provide discretionary compensation payments
- ⊗ Reward inappropriate or excessive risk taking or short-term profit maximization at the expense of the long-term health of the company
- ⊗ Pay dividend equivalents on performance-contingent deferred units that have not been earned yet based on the company's performance
- ⊗ Guarantee future base salary increases or non-performance-based incentive payments
- ⊗ Have prearranged individual severance agreements or special change of control compensation agreements

PAY EQUALITY

Sika is committed to pay equality and fairness in all countries the company operates in. The company performs regular internal analysis to ensure that employees are paid fairly and to address any potential pay gap. In 2023, Sika analyzed the compensation of Sika Senior Managers and General Managers globally (168 senior executives)¹. The results confirmed that Sika is fully compliant with equal pay for men and women (insignificant deviation below 5% depending on function).

The company initiated a global rollout of standardized job grades in 2023 that is planned to be finished by 2024. This constitutes a vital step to enhance fairness, transparency, and gender equality. This approach ensures uniform job evaluation criteria, provides clear progression paths, and promotes pay equity.

Sika performs regular internal analysis to ensure that employees are paid fairly and to address any potential pay gap. Sika completed the equal pay analysis in several countries such as:

- Switzerland, as required by the Swiss Federal Act on Gender Equality introduced in 2020. The results of the analysis showed that Sika is fully compliant with Swiss equal pay standards.
- UK, as required by the Equality Act 2010, performs regular pay audits and assessments to ensure that any gender pay gaps that exist in the organization are addressed.
- France performed the analysis according to the “index de l'égalité professionnelle”.
- USA followed the methodology used by the United States Department of Labor's Office of Federal Contract Compliance Programs (OFCCP), which involves multiple regression analyses on groups of at least 30 employees.
- Peru, in line with law No. 30709, ensures equality and non-discrimination between men and women by evaluating groups of jobs based on the tasks involved, the necessary skills, and job profiles.

1. Excluding MBCC.

EXTERNAL MANDATES

(AUDITED ACCORDING TO ARTICLE 734e OF THE SWISS CODE OF OBLIGATIONS)

Members of the Board of Directors and the Group Management have the following external mandates

BOARD OF DIRECTORS

In 2023	Company	Function
Paul J. Hälgi	Mandates in listed companies	
	Dätwyler Holding AG (and therefore also PEMA AG and Dätwyler Führungs AG)	Chair of the Board
	Mandates in non-listed companies and organizations	
	Welfare Foundation Sika, Baar, Switzerland	Chair of the Board
	Sonceboz Automotive SA, Sonceboz, Switzerland	Member of the Board
	ETH Foundation (supports education and research at ETH), Zurich, Switzerland	Member of the Foundation
	Swisscontact (Swiss foundation promoting economic, social, and ecological development in emerging economies), Zurich, Switzerland	Member of the Foundation
Viktor W. Balli	REGA (non-profit Swiss air-rescue service), Zurich, Switzerland	Member of the Foundation
	Mandates in listed companies	
	Givaudan AG, Vernier, Switzerland	Member of the Board (Chair of the Audit Committee and Member of the Compensation Committee)
	Medacta International SA, Castel San Pietro, Switzerland	Member of the Board (Chair of the Audit and Risk Committee)
	KWS Saat SE & Co. KGaA, Einbeck, Germany	Member of the Board (Chair of the Audit Committee)
	Mandates in non-listed companies and organizations	
	Swiss Federal Audit Oversight Authority (RAB), Bern, Switzerland	Member of the Board
	Hemro AG, Zurich, Switzerland	Member of the Board
	Louis Dreyfus Company International Holding BV, Amsterdam, Netherlands	Member of the Board (Chair of the Audit and Risk Committee)
	Mandates in listed companies	
Lucrèce Foufopoulos-De Ridder	Royal Vopak, Rotterdam, Netherlands	Member of the Board (Member of the Audit Committee and Member of the Remuneration Committee)
	Amcor plc, Bristol, United Kingdom	Member of the Board
	Mandates in non-listed companies and organizations	
	Borouge (a joint venture between Borealis and ADNOC), Abu Dhabi, UAE	Member of the Board
	Plastics Europe (industry association enabling a sustainable future), Brussels, Belgium	Member of the Steering Board
	Mandates in listed companies	
Justin M. Howell	Canadian National Railway Company, Montreal, Québec, Canada	Member of the Board (Member of the Governance, Sustainability and Safety Committee, Member of the Human Resources and Compensation Committee, and Chair of the Pension and Investment Committee)

Gordana Landén	Mandates in non-listed companies and organizations Adecco Innovation Foundation (creates practical solutions to increase the employability and access of underserved populations to labor markets), Zurich, Switzerland	Member of the Foundation Council
Monika Ribar	Mandates in non-listed companies and organizations SBB AG (Swiss Federal Railways), Bern, Switzerland	Chair of the Board
Paul Schuler	Mandates in non-listed companies and organizations Swisspearl Group AG, Niederurnen	Chair of the Board
Thierry F.J. Vanlancker	Mandates in non-listed companies and organizations Aliaxis Group NV, Brussels, Belgium Etex NV, Brussels, Belgium Stahl Coatings BV, Waalwijk, Netherlands	Chair of the Board Member of the Board Board Advisor

GROUP MANAGEMENT

In 2023	Company	Function
Thomas Hasler	n/a	n/a
Mike Campion	n/a	n/a
Christoph Ganz	n/a	n/a
Patricia Heidtman	Bossard Holding AG, Switzerland	Member of the Board
Philippe Jost	Peikko Group, Finland	Member of the Board
Raffaella Marzi	Vetropack Holding AG, Switzerland	Member of the Board (Member of the Nomination and Compensation Committee)
Ivo Schädler	n/a	n/a
Adrian Widmer	Sonova Holding AG, Switzerland	Member of the Board (Chair of the Audit Committee)

Architecture of compensation of the Members of the Board of Directors

In order to ensure their independence in their supervisory duties, the Members of the Board of Directors receive fixed compensation only, consisting of a retainer for services to the Board and an additional fee for assignments to committees of the Board, as well as a representation allowance for the Board Chair. The retainer and the committee fees are paid half in cash and half in restricted share units (RSUs), while the representation allowance is paid in cash. The RSUs are granted at the beginning of the term of office and are converted into blocked shares at the end of the term of office. The shares are blocked from trading for a period of three years. The blocking period on the shares may lapse in the event of a change of control or liquidation. The shares remain blocked in all other instances.

The cash compensation is paid shortly after the Annual General Meeting for the previous term of office, being defined as the period between Annual General Meetings, except for the Board Chair who receives his cash compensation in monthly installments. The Members of the Board of Directors receive no additional reimbursements of business expenses beyond actual expenditures for business travel. The Members of the Board do not participate in Sika's employee benefit plans.

STRUCTURE OF BOARD COMPENSATION

in CHF	in cash	in RSUs ¹
Retainer (gross p.a.)		
Board Chair	450,000 + 30,000 allowance	450,000
Board Members	125,000	125,000
Committee fees (gross p.a.)²		
Committee Chair	30,000	30,000
Committee Members	20,000	20,000

1 Converted into RSUs based on the average closing share price in the five first trading days of the month of the beginning of the year of office (month of the Annual General Meeting). The RSUs are settled in shares that are allocated to the Members of the Board of Directors shortly after the end of the year of office.

2 The Board Chair is not eligible for committee fees.

SHAREHOLDING OWNERSHIP GUIDELINE

The Members of the Board of Directors are required to own at least a minimum multiple of their annual Board retainer in Sika shares within five years of their appointment to the Board of Directors (or within five years of the implementation of the guideline), as set out in the table below.

Members of the Board of Directors	200% of annual Board retainer
-----------------------------------	-------------------------------

In the event of a substantial rise or drop in the share price, the Nomination and Compensation Committee may, at its discretion, amend that time period accordingly.

To calculate whether the minimum holding requirement is met, all shares are considered, regardless of whether they are blocked or not. Unvested RSUs do not count. The Nomination and Compensation Committee reviews compliance with the share ownership guideline on an annual basis.

Architecture of compensation of the Members of Group Management

COMPENSATION MODEL AND COMPENSATION ELEMENTS

The compensation for Members of Group Management includes the following elements:

- fixed base salary;
- variable compensation: short-term and long-term incentives;
- benefits and perquisites.

STRUCTURE OF COMPENSATION OF GROUP MANAGEMENT

	Vehicle	Purpose	Drivers	Performance measures
Annual base salary	Monthly cash salary	Attract and retain	Position, market practice, skills, and experience	
Performance bonus (STI)	Annual bonus in cash	Pay for performance	Annual performance	Group EBIT, Group net sales, sustainability (GHG emissions and safety), region goals
Long-term incentive (LTI)	PSU with a 3-year performance vesting	Reward long-term performance Align to shareholders	Business performance over 3 years	ROCE, relative TSR
Benefits	Pension and insurances Perquisites	Protect against risks Attract and retain	Market practice and position	

FIXED ANNUAL BASE SALARY

Annual base salaries are established based on the following factors:

- scope, size, and responsibilities of the role, skills required to perform the role;
- external market value of the role;
- skills, experience, and performance of the individual in the role.

To ensure market competitiveness, base salaries of the Members of Group Management are reviewed every year, taking into consideration the company's capacity to pay, benchmark information, market movement, economic environment, and individual performance.

PERFORMANCE BONUS (SHORT-TERM INCENTIVE)

The performance bonus is a short-term variable incentive, designed to reward the collective performance of the Group and its regions and the individual performance over a time horizon of one year. This variable compensation allows executives to participate in the Group's success, while being rewarded for their individual performance.

The performance bonus target (i.e., bonus at 100% target achievement) is reviewed annually and is expressed as a percentage of base salary. It amounts to 100% for the CEO and ranges from 58% to 100% for the other Members of Group Management. For the CEO and the four Members of Group Management with a global role, Group performance accounts for 100% of the performance bonus. For the other three Members of Group Management responsible for a region, Group performance accounts for 80% of the performance bonus, while the achievement of regional objectives accounts for 20% of the performance bonus.

GROUP PERFORMANCE

The performance measures for the Group are proposed by the Nomination and Compensation Committee and approved by the Board of Directors. The Group performance is measured in two ways:

- The relative performance of the Group compared to a peer group of companies, accounting for 60% of the performance bonus for all Members of Group Management. The relative performance includes the EBIT (earnings before interest and tax) improvement during the year with 40% weight and net sales growth during the year with 20% weight;
- The absolute performance of the Group against own-set targets. The absolute performance consists of the reduction of GHG emissions per ton sold with a weight of 10%, a safety target with a weight of 10% for all Members of Group Management, as well as an absolute EBIT target at Group level, with a weight of 20%, for all Members of Group Management with a global role (functional roles).

Relative Group performance

Relative EBIT and net sales performance are measured based on an evaluation provided by an independent consulting firm, Obermatt. This benchmark compares and ranks Sika against the performance of a selected peer group of 22 companies, all industrial firms which were chosen because they have a comparable base of products, technology, customers, suppliers, or investors, and are thus exposed to similar market cycles.

PEER GROUP (OBERMATT BENCHMARK)

- | | | |
|-------------------------------------|----------------------------------|----------------------|
| – 3M – Industrial & Transportations | – H.B. Fuller Company | – RPM |
| – Arkema – Adhesive Solutions | – Geberit | – Saint-Gobain |
| – Armstrong World Industries Inc. | – Henkel-Adhesive Technologies | – SK Kaken Co., Ltd. |
| – Ashland | – Hilti Corporation ¹ | – Sto AG |
| – Beacon Roofing Supply, Inc. | – Holcim – Solutions & Products | – Uzin Utz AG |
| – Beiersdorf – Tesa | – Huntsman-Performance Products | |
| – Carlisle Construction Materials | – Owens Corning | |
| – EMS-Chemie Holding AG | – Pidilite Industries Limited | |
| – Forbo-Flooring Systems | | |

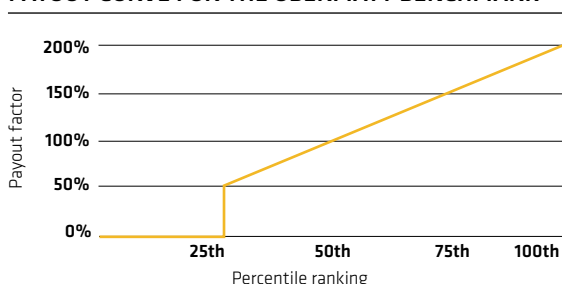
The peer group changed compared to the previous year with Arkema – Adhesive Solutions and Holcim – Solutions & Products as new peers. GCP was acquired by Saint-Gobain in 2022 and was therefore removed.

¹ Hilti is not listed on the stock market and is therefore not included for the relative TSR in the long-term incentive plan.

The intention is to reward Group Management based on the relative performance of the Group because absolute performance may be strongly impacted by market factors that are outside the control of management.

For both EBIT and net sales improvements, the objective is to reach the median performance of the peer group, which corresponds to a 100% payout factor. There is no payout for any performance below the lowest quartile of the peer group. Performance at the lowest quartile of the peer group corresponds to a payout factor of 50%. Performance at the uppermost quartile leads to a 150% payout factor, and being the best in the peer group leads to a 200% payout factor. Any payout factor between those levels is interpolated linearly.

PAYOUT CURVE FOR THE OBERMATT BENCHMARK



Absolute Group performance

The sustainability objectives recognize the importance of mitigating the company's impact on the environment and to encompassing sustainability in the measurement of the performance of Group Management. It is an objective to reduce GHG emissions (scopes 1 and 2) as well as to promote a safety culture and to reduce accidents by increasing safety measures. For 2023, the objective was a 4% reduction of GHG emissions per ton sold compared to 2022 GHG emissions per ton sold and to achieve a reduction of the Lost Time Accident (LTA) rate by 10% compared to 2022. For 2023, the individual performance component for People & Projects was discontinued and replaced with the safety target.

The Group EBIT objective is measured as a year-on-year improvement. For 2023, the objective was to improve Group EBIT by 15% compared to 2022.

REGION AND INDIVIDUAL PERFORMANCE

The region and individual performance include performance objectives that are set as part of the annual performance management process. For the CEO and for the other Members of Group Management, they are reviewed and approved by the Nomination and Compensation Committee.

Region performance (20% of the overall performance bonus) includes performance objectives linked to the region under responsibility. These objectives either contribute to the top-line growth, bottom-line profitability, or the efficient management of the company's capital. In 2023, the Nomination and Compensation Committee decided to focus on EBIT (expressed as an improvement versus previous year).

Individual performance (0% of the overall performance bonus in 2023, but 10% in previous years and again in 2024) includes performance objectives in the area of people management or key projects (People & Projects).

At the beginning of the following year, the actual performance achievement is compared with the objectives that were set for the business year. The level of achievement for each objective corresponds to a payout percentage for that objective, which is always between 0% and 200%.

OVERVIEW OF PERFORMANCE OBJECTIVES AND RESPECTIVE WEIGHTING

				CEO, Corporate functions	Regional heads
Performance bonus	← Group performance	← Relative to peer group	← EBIT improvement	40%	40%
			← Net sales growth	20%	20%
		← Absolute	← Sustainability: GHG emissions	10%	10%
			← Safety: accident reduction	10%	10%
	← Region performance	← Absolute	← EBIT Group	20%	
			← EBIT region		20%

The overall bonus payout is capped and cannot exceed 150% of the performance bonus target. The performance bonus is paid out in March of the following year.

OUTLOOK

For 2024, the structure of the performance bonus will be adjusted to reflect the Strategy 2028. The Group performance will account for 70% of the performance bonus with 20% based on net sales growth (unchanged), 40% based on relative EBITDA improvement (previously based on relative EBIT improvement), 10% on safety with reduction of Lost Time Accident (LTA) rate (unchanged), and 20% based on Group EBITDA (previously EBIT) for functional roles. The GHG emissions reduction will be included in the LTI plan and will therefore be discontinued in the STI. For regional roles, 20% of the performance bonus will be based on regional EBITDA (previously EBIT). Finally, for all Group Management roles, 10% of the performance bonus will be based on individual objectives (suspended in 2023).

LONG-TERM INCENTIVE (LTI)

Sika's compensation policy is designed to also align a significant portion of compensation of Group Management to the Group's long-term performance and to strengthen Group Management's alignment with shareholders' interests. The LTI target is reviewed annually and amounts to 100% of the annual base salary for the CEO, and ranges from 58% to 100% for the other Members of Group Management.

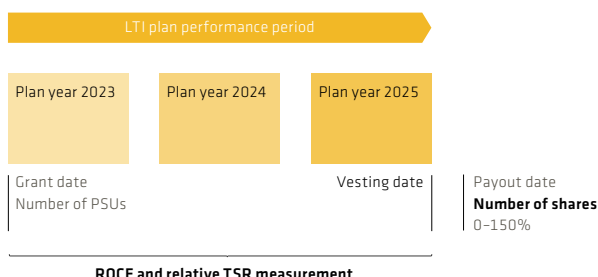
The LTI plan is a performance share unit (PSU) plan. At the beginning of the vesting period, a number of PSUs are granted to each Member of Group Management. The PSUs vest after a period of three years, conditionally upon fulfilling two equally weighted performance conditions, the ROCE, and relative TSR. The ROCE objective is determined at the beginning of the vesting period by the Board of Directors and is measured at the end of the vesting period as the average ROCE of the first year, the second year, and the third year of the vesting period. Acquisitions are excluded from the ROCE calculation in the year of acquisition and for two additional calendar years. The relative TSR is measured in relation to a peer group as a percentile rank and the objective is to reach the median of the peer group. The peer group consists of all companies of the peer group used for the performance bonus as disclosed on page 186, with one exception: as Hilti is not listed, it is not included in the peer group for the LTI.

For both performance conditions, the maximum achievement level is capped at 200%; however the overall vesting level for the LTI is capped at 150%. This is in line with the compensation philosophy of the company to align pay with performance and to keep the incentive plan leverage at a reasonable level. The final share allocation is determined after the three-year performance period, based on the following vesting rules:

Performance measures	ROCE (2023–2025)	Relative TSR (2023–2025)
Purpose	Rewards the efficient management of the company's capital	Aligns executive compensation with shareholders' returns
Weighting	50% of the PSU grant	50% of the PSU grant
Target level	ROCE of 26% 100% payout	Relative TSR at the median of the peer group 100% payout
Maximum payout level	200%	200%
	Combined maximum payout capped at 150%	
Vesting rules	<ul style="list-style-type: none"> – Threshold: ROCE of 23% = 50% payout – Target: ROCE of 26% = 100% payout – Maximum: ROCE of 29% = 200% payout – Linear interpolation between threshold, target, and maximum 	<ul style="list-style-type: none"> – Threshold: 25th percentile = 50% payout – Target: median = 100% payout – Maximum: best of all peers = 200% payout – Linear interpolation between threshold, target, and maximum

The shares are allocated at their market value (closing price at grant date on the SIX Swiss Exchange), in the month of the AGM in the year following the three-year vesting period. In some countries where the allocation of shares may be illegal or impractical, the award may be settled in cash after the performance period.

LONG-TERM INCENTIVE PLAN PERIOD



In the event of termination of employment, the unvested PSUs are forfeited except in case of retirement, disability, death, change of control, or liquidation. In the event of termination due to retirement or disability, the unvested PSUs vest at the normal vesting date, prorated for the number of months that have expired from the grant date until the termination date and based on the effective performance. In the event of a termination of employment due to death, liquidation, or a change of control, unvested PSUs are subject to accelerated vesting, prorated for the number of months that have expired from the grant date until the termination date and based on an achievement of 100%.

Termination of employment (resignation, involuntary termination, etc.)

Forfeiture of unvested PSUs

Retirement and disability

Unvested PSUs vest at the regular date prorated for the number of months that have expired from the grant date until the termination date and based on the effective performance.

Death, liquidation, or change of control

Unvested PSUs are subject to accelerated vesting, prorated for the number of months that have expired from the grant date until the termination date and based on an achievement of 100%.

OUTLOOK

For 2024, the structure of the LTI will be adjusted to reflect the Strategy 2028. The performance conditions will include ESG targets with a weight of 20% consisting of a GHG emissions reduction target (scope 1 and 2) with 10% weight, a water discharge reduction target with 5% weight, and a waste disposal reduction target with 5% weight. The other performance indicators will continue to be the relative TSR and the ROCE, each with a weighting of 40%. ROCE will be measured relative to peer companies, similar to relative TSR.

CLAWBACK AND MALUS PROVISIONS

Clawback and malus provisions apply to both the performance bonus and the long-term incentive plan. In the case of financial restatement due to non-compliance with accounting standards or fraud, and/or in the case of violation of law or of internal rules by a Member of Group Management, the Board of Directors may deem any performance bonus payment and/or unvested PSUs to be forfeited (malus provision) or may seek reimbursement of any paid performance bonus and/or allocated shares under the long-term incentive (clawback provision) within a period of three years after the year of restatement or of the fraudulent/non-compliant behavior.

SHAREHOLDING OWNERSHIP GUIDELINE

The Members of Group Management are required to own at least a minimum multiple of their annual base salary in Sika shares within five years of their appointment to Group Management, as set out in the table below.

CEO	500% of annual base salary
Members of Group Management	200% of annual base salary

In the event of a substantial rise or drop in the share price, the Board of Directors may, at its discretion, amend that time period accordingly.

To calculate whether the minimum holding requirement is met, all vested shares are considered, regardless of whether they are blocked or not. However, unvested PSUs are excluded. The Nomination and Compensation Committee reviews compliance with the share ownership guideline on an annual basis.

BENEFITS: PENSIONS

As Group Management is international in its nature, the members participate in the benefits plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance, and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents in respect to the risk of retirement, disability, death, and illness. The Members of Group Management with a Swiss employment contract participate in Sika's pension plans offered to all employees in Switzerland. These consist of the pension fund of Sika ("Pensionskasse Sika"), in which base salaries up to an amount of CHF 139,650 per annum are insured, as well as a supplementary plan, in which base salaries in excess of this limit are insured up to the maximum amount permitted by law. Sika's pension funds exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors, and Disability Pension Plans (BVG). Members of Group Management under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and, at a minimum, in accordance with the legal requirements of the respective country.

Moreover, an early retirement plan is in place for members of the top management of Sika. The plan, entirely financed by the employer, is administered by a Swiss foundation. Beneficiaries may opt for early retirement from the age of 60, provided that they have been in a top management position for at least five years. Benefits under the plan are twofold:

- Fixed pension payment until the age of legal retirement. The amount of pension depends on the last fixed salary and the actual age at early retirement.
- Partial financing of the reduction in the regular pension due to early retirement. The amount, which may be received as a life-long pension payment or as a capital contribution, depends on the actual age at early retirement and benefits already accrued in existing pension plans. This portion of the plan is only applicable to beneficiaries insured under a Swiss pension plan.

BENEFITS: PERQUISITES

Members of Group Management are also provided with certain executive perquisites, such as a company car allowance and other benefits in kind, according to competitive market practice in their country of employment. The monetary value of these other elements of compensation is evaluated at fair value and is included in the compensation tables below.

EMPLOYMENT CONTRACTS

The Members of Group Management are employed under employment contracts of unlimited duration and are all subject to a notice period of one year. Members of Group Management are not contractually entitled to termination payments, or any change of control provisions, other than the early vesting of PSUs mentioned above. Their contract may foresee non-competition provisions that are limited in time to a maximum of two years and which allow compensation up to a maximum of six months.

Compensation awarded to the Board of Directors in 2023

This section is audited according to Art. 734a-f of the Swiss Code of Obligations.

In 2023, Members of the Board of Directors received a total compensation of CHF 3.1 million (2022: CHF 3.1 million) in the form of a retainer in cash of CHF 1.3 million (2022: CHF 1.3 million), committee fees in cash of CHF 0.2 million (2022: CHF 0.2 million), social security contributions of CHF 0.1 million (2022: CHF 0.1 million), and RSUs of CHF 1.5 million (2022: CHF 1.5 million). The compensation remained stable compared to the previous year. As of the Annual General Meeting 2022, half of the committee fees are paid in RSUs, therefore the amount of committee fees paid in cash decreased compared to the previous year and the amount of compensation paid in RSUs increased.

in CHF	Cash		Value of RSUs ¹			Total 2023	Cash		Value of RSUs ¹			Total 2022
	Retainer	Commit- tee fees	Retainer	Commit- tee fees	Social security ²		Retainer	Commit- tee fees	Retainer	Commit- tee fees	Social security ²	
Paul Hält, Board Chair	480,000	0	450,201	0	7,720	937,921	480,000	0	450,140	0	11,900	942,040
Viktor W. Balli, AC Member, SC Member	125,000	40,000	125,126	40,040	7,720	337,887	125,000	40,000	125,115	26,694	11,900	328,710
Lucrèce Foufopoulos- De Ridder ³ , AC Member, SC Member	125,000	40,000	125,126	40,040	7,720	337,887	83,333	26,667	83,394	26,694	11,900	231,989
Justin M. Howell, NCC Chair	125,000	30,000	125,180	30,043	0	310,224	125,000	40,000	125,115	20,073	0	310,188
Gordana Landén ³ , NCC Member	125,000	20,000	125,092	20,015	7,720	297,827	83,333	13,333	83,394	13,451	11,900	205,412
Monika Ribar, AC Chair	125,000	30,000	125,180	30,043	7,720	317,944	125,000	40,000	125,115	20,073	11,900	322,088
Daniel J. Sauter ⁴							41,667	13,333	41,721	0	11,900	108,622
Paul Schuler	125,000	0	125,118	0	7,720	257,838	125,000	0	125,115	0	11,900	262,016
Christoph Tobler ⁴							41,667	13,333	41,721	0	11,900	108,622
Thierry F. J. Vanlancker, SC Chair, NCC Member	125,000	50,000	125,078	50,031	0	350,109	125,000	46,667	125,115	33,523	0	330,305
TOTAL	1,355,000	210,000	1,326,101	210,213	46,320	3,147,636	1,355,000	233,333	1,325,946	140,508	95,204	3,149,991

AC = Audit Committee, NCC = Nomination and Compensation Committee, SC = Sustainability Committee

1 Fair market value is defined as the average closing price of the first five trading days of the month of the beginning of the year of office (month of the Annual General Meeting).

2 Includes social security contributions to the extent that they result in a benefit entitlement. Additional contributions that do not result in an increase of the benefit entitlement are excluded (additional contributions in the amount of CHF 122,345 in 2023 and CHF 72,901 in 2022 are excluded from the amount disclosed above).

3 Since AGM of April 12, 2022.

4 Until AGM of April 12, 2022.

The compensation disclosed in the Compensation Report always includes the respective calendar year (January to December). However, shareholders approve the compensation to be paid for the period between Annual General Meetings. The compensation paid for the periods between Annual General Meetings is disclosed below, including a comparison with the compensation amount approved by the shareholders.

At the Annual General Meeting on March 28, 2023, shareholders approved an aggregate maximum compensation amount of CHF 3,400,000 for the Board of Directors for the term of office from the 2023 Annual General Meeting until the 2024 Annual General Meeting. The compensation effectively paid for the portion of this term of office included in this Compensation Report (April 1, 2023, until December 31, 2023) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Compensation Report 2024.

At the Annual General Meeting on April 12, 2022, shareholders approved an aggregate maximum compensation amount of CHF 3,400,000 for the Board of Directors for the term of office from the 2022 Annual General Meeting until the 2023 Annual General Meeting. The compensation effectively paid to the Board of Directors for this term was CHF 3,147,492 and is therefore within the approved limits.

In the year under review, no compensation was paid to former Members of the Board of Directors. No compensation was paid to parties closely related to Members of the Board of Directors.

In accordance with the Articles of Association, loans to Members of the Board of Directors are not permitted. Hence, no Member of the Board of Directors was granted a loan during the reporting year. No loans were outstanding at the end of the year under review.

Compensation awarded to the CEO and to Group Management in 2023

This section is audited according to Art. 734a-f of the Swiss Code of Obligations.

For 2023, the Members of Group Management received a total compensation of CHF 17.1 million (2022: CHF 16.1 million). This amount comprises fixed salaries of CHF 5.4 million (2022: CHF 5.0 million), short-term bonuses of CHF 6.1 million (2022: CHF 5.2 million), long-term incentives of CHF 3.6 million (2022: CHF 3.9 million), other expenses of CHF 0.5 million (2022: 0.6 million), contributions to social security of CHF 0.1 million (2022: CHF 0.1 million), and post-employment contributions of CHF 1.4 million (2022: CHF 1.3 million).

The highest-paid individual in 2023 was Thomas Hasler, Group CEO.

in CHF thousands (gross) ¹	CEO 2023	CEO 2022	Total 2023 ²	Total 2022 ³
Fixed base salary ⁴	1,250	1,150	5,377	5,055
Performance bonus (STI) cash ⁵	1,875	1,559	6,158	5,168
Long-term incentive (LTI) ⁶	1,082	1,152	3,559	3,857
Other payments ⁷	46	46	523	598
Social security ⁸	12	16	116	147
Pension contributions ⁹	270	264	1,381	1,286
TOTAL	4,535	4,187	17,114	16,111

1 All compensation amounts are stated gross.

2 On the basis of eight Members, all of whom served during the full year in 2023.

3 On the basis of eight Members, all of whom served during the full year in 2022.

4 Includes annual base salary and children/family allowances.

5 Estimated performance bonus (STI) for the reporting year that will be paid in April of the following year.

6 Grant value of the LTI in the reporting year. The grant value is based on the Monte Carlo evaluation of the PSU (due to the interdependency of the TSR and ROCE component).

7 Includes all other benefits in kind, and perquisites at fair value such as service anniversary payments, including cost allowances (tax equalization, housing, schooling, home leave) for the international assignees and international transfers.

8 Includes social security contributions to the extent that they result in a pension entitlement. Additional contributions that do not result in an increase of the pension entitlement are excluded (additional contributions excluded from the amount above in 2023: CHF 887,613, of which CHF 285,456 relate to the CEO; in 2022: CHF 859,367, of which CHF 275,217 relate to the CEO).

9 Includes contributions to company-provided pension plans, including the service cost to the pre-retirement plan.

Explanatory comments to the compensation table:

- There were eight Members in Group Management in 2023, all of whom served on a full-year basis. This compares to eight Members in 2022, of whom all served on a full-year basis.
- The fixed compensation increased overall compared to the previous year. The compensation of the CEO was increased, which is in line with the company's policy to set target compensation of newly promoted members below the market median at time of promotion and subsequently increase it to market level over a reasonable period of time. Members of Group Management who have been promoted in recent years received a salary increase in line with this policy.
- The "other" payments decreased slightly compared to the previous year as the long-service anniversary payments and the cost allowances related to international transfers decreased.
- The performance achievement under the performance bonus was higher in 2023 than in 2022. Further details are provided below.
- The grant value of the long-term incentive has decreased by 7% compared to the previous year. This is due to the fact that the Monte Carlo evaluation of the PSU relative to the share price was lower than in the previous year.
- The social security contributions remained stable compared to the previous year.
- The pension contributions increased slightly compared to previous year, which is due to the higher fixed compensation. The contribution rates in the pension plan have not changed significantly for several years.
- The variable compensation amounted to 237% of the annual base salary or 188% of the fixed compensation (annual base salary plus contributions to social security and pension plus other payments) for the CEO and to 164% of the annual base salary, or 116% of the fixed compensation for the other Members of Group Management on average.

The total amount of compensation of CHF 17.1 million awarded to Group Management in 2023 is below the maximum aggregate amount of compensation of CHF 20.5 million approved by the shareholders at the 2022 Annual General Meeting for business year 2023.

PERFORMANCE IN 2023 (NOT AUDITED)

In the performance bonus, Sika outperformed the peer companies in terms of net sales growth (ranked first, payout of 200%), and EBIT improvement year on year (ranked ninth, payout of 128.2%) (best estimate at the time of publication; the relative performance factor will be calculated by Obermatt based on the annual report publications of the peer companies before the payout date in March 2024). GHG emissions per ton sold in 2023 were reduced by 8.1% compared to the previous year, which corresponds to a payout of 200%. The accident rate reduction was 23.6%, which provides for a payout of 169.5%. Group EBIT was 22.1% above previous year, which corresponds to a payout factor of 150%. This compares to a solid year 2022, where Sika outperformed its peers on net sales growth (ranked 8th with a 133.6% payout), outperformed the industry average in terms of EBIT improvement year on year (ranked 8th with a payout of 132.1%), and GHG emissions per ton sold were reduced by 11.7% (maximum target achievement with a payout of 200%).

Region performance, which is measured by EBIT, ranges from 100% to 200%. Consequently, the overall bonus payout percentage ranges from 148.2% to 150% (cap) for Members of Group Management and amounts to 150% for the CEO. This compares to a payout range of 111.6% to 150% for Group Management and to a payout of 135.6% for the CEO for 2022.

Objectives	Threshold	Target	Cap						
Group performance (relative to Peer Group)									
Group net sales growth (relative)									
Group EBIT improvement (relative)									
Group performance (absolute)									
Sustainability: GHG emissions									
Safety: accident reduction									
Group operating EBIT									
Region/individual performance									
Regional operating EBIT									
Total									
	0%	25%	50%	75%	100%	125%	150%	175%	200%

In accordance with the LTI 2023–2025, 17,220 PSUs were granted to the Members of Group Management. Those PSUs had an overall grant value of CHF 4.1 million and will vest on December 31, 2025, based on the average ROCE performance during 2023–2025, on relative TSR performance during 2023–2025, and upon the continuous employment of the participant.

In the LTI that vested in 2023 (LTI 2021–2023), the performance condition of 24% average ROCE over the vesting period was partially achieved: the average three-year ROCE, excluding acquisitions, amounts to 24.9%, leading to a payout of 130.0%. Regarding the second performance condition, relative TSR, Sika outperformed 62.5% of the peer companies, leading to a payout of 125.1%. Therefore, the combined vesting level amounts to 127.6% and the 11,653 units granted to the current Members of Group Management have vested into 14,863 shares (11,653 PSUs granted multiplied by the vesting level of 127.6%) with a vesting value of CHF 4.1 million. The value at vesting is higher than the value at grant due to the positive development in the share price during the vesting period (2021–2023).

**OVERVIEW OF THE OUTSTANDING PSU GRANTS
(INCLUDES MEMBERS OF GROUP MANAGEMENT AS OF DECEMBER 31, 2023)**

Plan		Grant date (PSU)	Performance period	Vesting date (PSU)	Number of PSU granted	Total value at grant (CHF)	Vesting level in % of grant	Number of shares (vesting)	Total value at vesting (CHF)
LTI 2021	Group Mgt (incl. CEO)	01/01/2021	2021–2023	12/31/2023	11,653	2,750,204	127.6%	14,863	4,068,113
	CEO ¹	01/01/2021	2021–2023	12/31/2023	2,778	676,649	127.6%	3,543	969,812
LTI 2022	Group Mgt (incl. CEO)	01/01/2022	2022–2024	12/31/2024	10,556	3,856,529	To be determined	To be determined	To be determined
	CEO	01/01/2022	2022–2024	12/31/2024	3,152	1,151,552	To be determined	To be determined	To be determined
LTI 2023	Group Mgt (incl. CEO)	01/01/2023	2023–2025	12/31/2025	17,220	4,111,103	To be determined	To be determined	To be determined
	CEO	01/01/2023	2023–2025	12/31/2025	5,236	1,250,043	To be determined	To be determined	To be determined

1 The CEO received a regular grant on January 1, 2021 (in his function as Head Global Business) and an additional grant on May 1, 2021 (in his function as CEO). Both grants are included above.

In the year under review, no compensation was paid to former Members of Group Management. Further, no compensation was paid to parties closely related to Members of Group Management.

In accordance with the Articles of Association, loans to Members of the Group Management are not permitted. Hence, no Member of Group Management was granted a loan during the reporting year. No loans were outstanding at the end of the year under review.

Shareholdings of the Members of the Board of Directors and Group Management in 2023

This section is audited according to Art. 734d of the Swiss Code of Obligations.

At the end of 2023, Members of the Board of Directors held a total of 175,998 shares of Sika AG (2022: 178,549). At the end of 2023, Members of Group Management held a total of 119,943 shares of Sika AG (2022: 112,656). This figure includes both privately acquired shares and those allocated under the Group's compensation schemes.

Participation	2023	2022
Board of Directors		
Paul Hält, Board Chair	59,019	57,569
Viktor W. Balli, AC Member, SC Member	2,658	2,126
Lucrèce Foufopoulos-De Ridder, AC Member, SC Member	532	0
Justin M. Howell, NCC Chair	2,976	2,476
Gordana Landén, NCC Member	738	270
Monika Ribar, AC Chair	9,286	8,786
Paul Schuler	96,939	104,036
Thierry F.J. Vanlancker, SC Chair, NCC Member	3,850	3,286
Total	175,998	178,549
Group Management		
Thomas Hasler, Chief Executive Officer	33,751	30,323
Mike Campion, Regional Manager Americas	10,849	9,987
Christoph Ganz, Regional Manager EMEA	20,901	22,473
Patricia Heidtman, Chief Innovation and Sustainability Officer	891	891
Philippe Jost, Regional Manager Asia/Pacific	4,134	2,803
Raffaella Marzi, Head Human Resources, Legal & Compliance	1,783	1,783
Ivo Schädler, Head Construction	12,797	12,885
Adrian Widmer, Chief Financial Officer	34,837	31,511
Total	119,943	112,656

EQUITY OVERHANG AND DILUTION AS OF DECEMBER 31, 2023

In total as of December 31, 2023, the equity overhang, defined as the total number of share units and blocked shares outstanding divided by the total number of outstanding shares (160,479,293 registered shares), amounts to 207,726 units, 0.13%.

The company's "burn rate", defined as the number of equities (shares and share units) granted in 2023 (98,550 units) divided by the total number of outstanding shares, is 0.06%.

Report of the statutory auditor

To the General Meeting of Sika AG, Baar

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Sika AG (the Company) for the year ended 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the sections "External Mandates", "Compensation awarded to the Board of Directors in 2023", "Compensation awarded to the CEO and to Group Management 2023" and "Shareholdings of the members of the Board of Directors and Group Management in 2023" on pages 182 to 196 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Compensation Report complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the audited sections in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

Anna Pohle
Licensed Audit Expert

Zug, 13 February 2024