

CARBON REDUCTION PLAN

BUILDING TRUST



Sika's solutions
are working behind
the scenes **to build**
the **Modern World**.

June 2023

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1. Introduction

This Carbon Reduction Plan has been prepared in accordance with Procurement Policy Note (PPN06/21) - “Taking Account of Carbon Reduction Plans in the procurement of major government contracts” as published in June 2021. The data in this Carbon Reduction Plan pertains to the **Sika UK Group** (hereafter referred to as Sika) as permitted under the Technical Standard for Completion of Carbon Reduction Plans and Guidance on adopting and applying the PPN 06/21 – Selection Criteria.

1.1 What Do We Do?

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for sealing, bonding, damping, reinforcing, and protecting in the building sector and motor vehicle industry. Sika’s specialist construction and industrial solutions are used across an incredible range of applications to build the modern world.



1.2 Building Trust

Our business is specialty chemicals, and trust is the foundation of our success. For more than a century, we have focused on the quality of our products while constantly bringing a spirit of reinvention to the industry. We are committed to delivering reliable, innovative, and long-lasting solutions to our customers in the construction, building, and manufacturing industries.

2.0 Commitment to achieving Net Zero

Sika and **Sika Limited** are committed to achieving Net Zero emissions by 2050 at the latest.

Sika supports the Science-Based Target initiative (SBTi) and have joined the growing group of leading corporations that are setting emissions reduction targets in line with the objective of the Paris Agreement. By doing so, Sika recognizes the crucial role companies can play in minimizing the risk climate change poses to the future of our planet.

“Tackling climate change is important even in more demanding economic environments. Our clear goal is to continue growing sustainably and deploy new innovations to decouple our growth from GHG emissions. We intend to use ground-breaking solutions that enable our customers to reduce their CO2 emissions.”

Thomas Hasler Chief Executive Office

One of Sika’s most important achievements is the recent completion of a 2-year company-wide initiative to systematically identify and calculate emissions from Sika’s material scope 3 GHG categories in accordance with the requirements of the Greenhouse Gas Protocol (GHGP).

2.1 Baseline Emissions Footprint

| | |
|---|---------------------------------|
| Baseline Year: 2021 | |
| Additional Details relating to the Baseline Emissions calculations. | |
| <p>Greenhouse Gas Emissions</p> <p>Sika monitors its greenhouse gas (GHG) emissions as part of the environmental responsibility the company has for climate. Sika have also completed a 2-year company-wide initiative to systematically identify and calculate emissions from Sika’s material scope 3 GHG categories in accordance with the requirements of the Greenhouse Gas Protocol (GHGP). The company will keep analyzing and reporting on GHG emissions with the aim to develop a net zero roadmap aligned with the objective of the Paris Agreement to limit the increase of global temperature to 1.5°C above pre-industrial levels.</p> | |
| Baseline year emissions: | |
| EMISSIONS | TOTAL (tCO₂e) |
| Scope 1 | 156 |
| Scope 2 | 82 |
| Scope 3 (Included Sources) | 12,553 |
| Total Emissions | 12,791 |

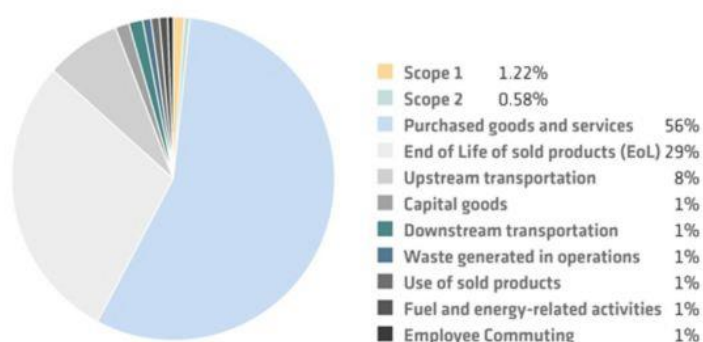
2.2 Current Emissions Reporting

| Reporting Year: 2022 | |
|-------------------------------|----------------------------|
| EMISSIONS | TOTAL (tCO ₂ e) |
| Scope 1 | 156 |
| Scope 2 | 76 |
| Scope 3 (Included Sources) | 12,511 |
| Total Emissions | 12,743 |

The calculation of scope 3 carbon emissions is an evolving topic based on various data sources. Sika is continuously reviewing the calculation methodology to ensure transparency and data robustness. This process helps Sika better understand how it can lower its scope 3 emissions and engage within the organization. Moreover, the identification of material scope 3 categories provides detailed information to drive scope 3 reduction initiatives.

For a summary of the methodology applied by Sika to calculate its scope 3 greenhouse gas (GHG) emissions please see [Sika's Way to Net Zero](#).

2.3 Sika's Emissions Categories 2022



| Categories | | 2021 | 2022 |
|---|------------------------------------|---------------|---------------|
| SCOPE 1 | | 156 | 156 |
| SCOPE 2 | | 82 | 76 |
| SCOPE 3 GHG Emissions (1'000 tons of CO2 eq) | | 12,553 | 12,511 |
| Cat.1 | Purchased goods and services | 6,595 | 7,129 |
| Cat. 12 | End of Life of sold products (EoL) | 4,190 | 3,644 |
| Cat. 4 | Upstream transportation | 1,070 | 971 |
| Cat. 2 | Capital goods | 172 | 189 |
| Cat. 9 | Downstream transportation | 139 | 171 |
| Cat. 11 | Use of sold products | 108 | 138 |
| Cat. 5 | Waste generated in operations | 108 | 80 |
| Cat. 3 | Fuel and energy-related activities | 81 | 77 |
| Cat. 7 | Employee Commuting | 63 | 66 |
| Cat. 8 | Upstream leased assets | 21 | 23 |
| Cat. 6 | Business travels | 6 | 23 |
| | TOTAL | 12,553 | 12,511 |

3.0 Emissions Reduction Targets

3.1 Scope 1 and 2

Since 2019, Sika has defined a strategic target for reducing scope 1 & 2 CO₂eq emissions per ton sold by 12% until 2023. Moreover, the compensation scheme of Group Management and Sika Senior Managers is linked to the GHG emissions performance of the company (scope 1 & 2).

3.2 Scope 3 and SBTi Commitment

In 2022 the Sika Group committed to the SBTi to reach net zero not later than 2050. Sika UK is also committed to reaching net zero no later than 2050. Starting from the official commitment date – 16th September 2022 – Sika has up to 24 months to submit its targets for SBTi validation. Sika's commitment focuses on two-time horizons for both scope 1 and 2 as well as scope 3 with a near-term interim target in ten years, and a net zero target by 2050.

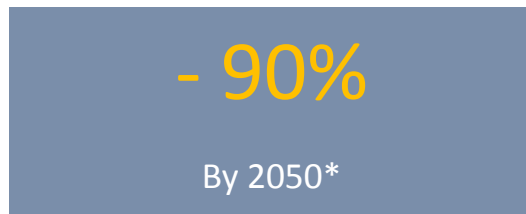
Scope 1 and 2 Goals

Commitment to Net Zero by 2050
Scope 1 & 2 1.5° aligned.



Scope 3 Goals

Scope 3 well below 2° aligned by 2023
and 1.5° aligned by 2050.



*Neutralization of residual emissions: GHGs released into the atmosphere when the company has achieved their long-term SBT must be counterbalanced through the permanent removal and storage of carbon from the atmosphere (source: SBTi Corporate Net-Zero Standard, Version 1.0, October 2021).

Sika monitors its greenhouse gas (GHG) emissions as part of the environmental responsibility the company has for climate. Since 2019, Sika has defined a strategic target for reducing scope 1 & 2 CO₂eq emissions per ton sold by 12% until 2023.

The Sika scope 3 emissions assessment project took place between January 2021 and September 2022.

4.0 Completed Carbon Reduction Initiatives

4.1 Fleet Improvements

- In September 2020, the Sika UK vehicle policy was updated to include substantially more electric and hybrid vehicles. By the end of 2022, 50 new electric and 14 hybrid vehicles were added to the fleet bringing the total to 154 electric and 77 hybrid vehicles.

4.2 Operations & Plant

- Enhanced efficiency in production planning and other manufacturing procedures introduced by Sika UK have resulted in incremental improvements per tonne of material produced throughout 2022.
- During 2022 Sika UK have demolished an old plant at Wishaw with two mixing facilities. We have also refurbished the existing to mixers and replace two old 5T ribbon mixers with 2T ploughshare mixers. The new mixers are now meeting the production demand and are more efficient.
- Phase 3 of our LEV lighting upgrade was completed at all Sika UK's plants and offices. Motion sensors were also installed in the Leeds factory for all new LEV lighting units, with the sensitivity adjusted according to activity.
- Audit conducted at Leeds site to identify which machines can and should be switched off after use/at weekends etc.

4.3 Communication and Engagement Strategy

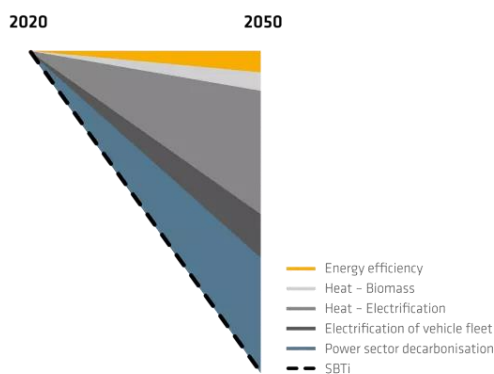
- During the reporting year, Sika launched an innovation campaign called "Scouts" (for more information on this innovation platform, please see the "Products and Customers" chapter, "Innovation Management" section on p.115 of Sika's Sustainability Report 2022). During the campaign all Sika employees were invited to submit their individual or group ideas on how to reduce the company's emissions. More than 270 ideas were submitted and commented by Sika employees during the collection phase of the campaign which lasted 1.5 month. The review phase is taking place in 2023, with the best ideas being integrated into Sika's net zero roadmap.
- Behavioural Change campaign launched at Leeds site (following machine audit) with machines that can/should be switched off clearly labelled as such.
- Internal presentations and webinars focused on Scope 3, Net Zero, and SBTi provided by Sika for all Sika entities.

5.0 Sika's Net Zero Roadmap

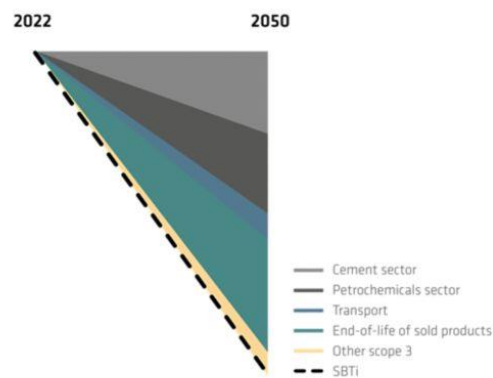
In 2022, Sika initiated a net zero project to develop a detailed roadmap with GHG emissions abatement targets. Steered by the Sustainability Leadership Team, the project involves several functions including R&D, Procurement, Operations, Logistics and Target Markets, both at corporate and regional level. The findings of the net zero project will flow into the Strategy 2028 development process. During the first phase of the net zero project, Sika conducted a high-level assessment to identify potential decarbonization levers.

5.1 Decarbonisation Leavers

Scope 1 and 2



Scope 3



2032

- Continuous energy efficiency improvements (e.g. sand drying optimization, more efficient machinery, leakage prevention, etc.)
- Increase boilers use of low-carbon energy (e.g. electricity, biomass)
- Increase vehicle fleet electrification
- Increase the share of renewable electricity

2050

- 100% of equipment use low-carbon energy
- 100% of electricity is renewable
- Vehicle fleet is decarbonized

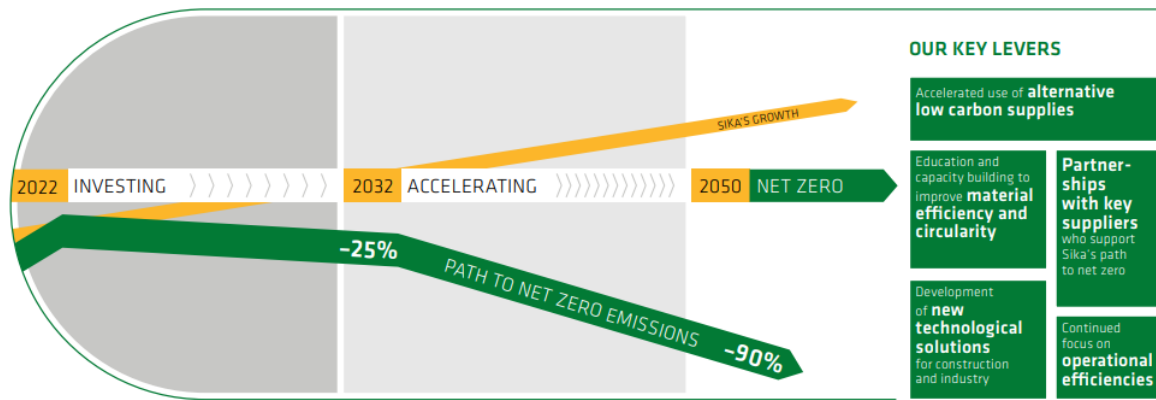
2032

- **TRANSPORT:** Decrease upstream and downstream transport emissions
- **RAW MATERIALS:**
 - Reduce virgin cement and petrochemicals consumption
 - Increase the share of low-carbon raw materials
 - Establish a sustainable procurement strategy
- **END OF LIFE:**
 - Enhance recyclability of Sika's products through product formulation and packaging material
 - Promotion of recycling solutions

2050

- **TRANSPORT:** Minimize upstream and downstream transport emissions
- **RAW MATERIALS:**
 - Significantly reduce virgin cement and petrochemicals consumption
 - Maximize the share of low-carbon raw materials
 - Create a strong sustainable procurement ecosystem by actively collaborating with customers and suppliers
- **END OF LIFE:** Become a fully circular company

5.2 Sika's Way to Net Zero – Key Leavers



For more information on Sika Group's net zero roadmap and detailed levers, please see [Sika's Way to Net Zero](#).

6.0 Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting .

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of Sika UK Group:

Tom Forsyth
Tom Forsyth (Jun 15, 2023 18:23 GMT+1)

Tom Forsyth

General Manager

D.L.
Daniel Lang (Jun 15, 2023 21:32 GMT+2)

Daniel Lang

Director









Sika Carbon Reduction Plans_V1

Final Audit Report

2023-06-15

| | |
|-----------------|--|
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