

Sika

Pays	Suisse
Date de l'assemblée	mardi 12 avril 2016 13:00
Lieu de l'assemblée	Waldmannhalle, Neugasse 55, Baar
Type d'assemblée	Assemblée générale ordinaire
Titres	ISIN CH0000587979, Telekurs 58797

Points marquants de l'ordre du jour

POINTS 4.1.2, 4.1.4 et 4.1.8 - Réélection des 3 administrateurs qui étaient liés à Schenker-Winkler Holding (SWH) au moment de la transaction avec Saint-Gobain (M. Urs F. Burkard, Dr. oec. Willi K. Leimer, et M. Jürgen Tinggren). Ethos considère qu'ils n'ont pas agi dans l'intérêt de la société et de ses actionnaires minoritaires. Ethos recommande de voter CONTRE (point 2.1.b des lignes directrices d'Ethos).

POINT 4.2 - Proposition de Schenker-Winkler Holding : Election de Prof. Dr. iur. Jacques Bischoff au conseil d'administration. La famille Burkard a annoncé son intention de vendre sa participation à Saint-Gobain et qu'ils ne négocieraient aucune autre solution. Ethos accepte que la famille fondatrice a le droit de céder sa participation. Cependant, Ethos considère que la prise de contrôle par Saint-Gobain n'est pas la meilleure solution. Ethos ne peut donc pas accepter l'élection du Prof. Bischoff, qui représentera SWH contre les intérêts des actionnaires non liés à la famille Burkard et des autres parties prenantes. En outre, Ethos considère qu'élire un candidat qui n'a pas le soutien de la majorité des administrateurs actuels n'est pas en ligne avec une bonne gouvernance, en particulier dans le cadre de la vente des actions Sika à Saint-Gobain via SWH. Ethos recommande de voter CONTRE la proposition de SWH.

POINT 6 - Proposition du groupe d'actionnaires formé de Cascade, Bill & Melinda Gates Foundation Trust, Fidelity, et Threadneedle : Extension du mandat des membres du comité d'experts jusqu'à l'assemblée générale ordinaire 2020. Lors de l'assemblée générale ordinaire 2015, Peter Montagnon, Peter Spinnler et Jörg Walther ont été élus en tant qu'experts indépendants jusqu'à l'assemblée générale ordinaire 2017, pour examiner et enquêter sur la conduite des affaires de Sika relatives à SWH, la famille Burkard et Saint-Gobain, en particulier en ce qui concerne son impact sur les actionnaires minoritaires. Saint-Gobain et la famille Burkard ont annoncé la prolongation de la validité de leur accord pour la vente des actions Sika via SWH jusqu'au 30 juin 2017, avec une option de prolongation jusqu'au 31 décembre 2018. Par conséquent, la durée initiale du mandat des experts indépendants est insuffisante. Ethos recommande de voter POUR.

Contenu

- 1 Positions de vote
- 2 Analyse de l'assemblée
- 3 Informations sur la société
- 4 Rapport de rémunération
- 5 Rémunération demandée
- 6 Conseil d'administration
- 7 Glossaire

1. Aperçu de l'Assemblée Générale

1.1 Positions de vote à l'assemblée générale

Point	Proposition		Position de vote d'Ethos	Position du Conseil d'administration
1	Approbation du rapport annuel, des comptes consolidés et des comptes annuels		POUR	POUR
2	Décision sur l'emploi du bénéfice et sur le dividende		POUR	POUR
3	Décharge aux membres du conseil d'administration et de la direction générale		POUR	POUR
4	Elections au conseil d'administration			
4.1.1	Réélection de Dr. sc. techn. Paul J. Hälg		POUR	POUR
4.1.2	Réélection de M. Urs F. Burkard	●	CONTRE	POUR
4.1.3	Réélection de M. Frits van Dijk		POUR	POUR
4.1.4	Réélection de Dr. oec. Willi K. Leimer	●	CONTRE	POUR
4.1.5	Réélection de Mme Monika Ribar		POUR	POUR
4.1.6	Réélection de M. Daniel J. Sauter		POUR	POUR
4.1.7	Réélection de Prof. Dr. sc. techn. Ulrich W. Suter		POUR	POUR
4.1.8	Réélection de M. Jürgen Tinggren	●	CONTRE	POUR
4.1.9	Réélection de M. Christoph Tobler		POUR	POUR
4.2	Proposition de Schenker-Winkler Holding : Election de Prof. Dr. iur. Jacques Bischoff au conseil d'administration		CONTRE	CONTRE
4.3	Réélection de Dr. sc. techn. Paul J. Hälg en tant que président du conseil d'administration		POUR	POUR
4.4	Elections au comité de nomination et rémunération			
4.4.1	Réélection de M. Frits van Dijk au comité de nomination et rémunération		POUR	POUR
4.4.2	Réélection de M. Urs F. Burkard au comité de nomination et rémunération	●	CONTRE	POUR
4.4.3	Réélection de M. Daniel J. Sauter au comité de nomination et rémunération		POUR	POUR
4.5	Election de l'organe de révision		POUR	POUR
4.6	Election du représentant indépendant		POUR	POUR
5.1	Vote contraignant sur la rémunération totale du conseil d'administration pour la période depuis l'AG ordinaire 2015 jusqu'à l'AG ordinaire 2016		POUR	POUR
5.2	Vote consultatif sur le rapport de rémunération		POUR	POUR
5.3	Vote contraignant sur la rémunération totale du conseil d'administration pour la période depuis l'AG ordinaire 2016 jusqu'à l'AG ordinaire 2017		POUR	POUR

5.4	Vote contraignant prospectif sur la rémunération totale de la direction générale		POUR	POUR
6	Proposition du groupe d'actionnaires formé de Cascade, Bill & Melinda Gates Foundation Trust, Fidelity, et Threadneedle : Extension du mandat des membres du comité d'experts jusqu'à l'AG ordinaire 2020.		POUR	POUR
	Divers	●	CONTRE	

1.2 Résultats des votes de l'assemblée générale du vendredi 24 juillet 2015

Point	Proposition	% Pour	Résultat	Position de vote d'Ethos	Position du Conseil d'administration
	Contexte de l'assemblée générale extraordinaire		-		
1	Propositions de Schenker-Winkler Holding : Révocation de 3 administrateurs		-		
1.1	Révocation de Dr. sc. techn. Paul J. Hälg (président du conseil d'administration)	13 %	Refusée	<i>CONTRE</i>	<i>CONTRE</i>
1.2	Révocation de Mme Monika Ribar	13 %	Refusée	<i>CONTRE</i>	<i>CONTRE</i>
1.3	Révocation de M. Daniel J. Sauter	13 %	Refusée	<i>CONTRE</i>	<i>CONTRE</i>
2	Proposition de Schenker-Winkler Holding : Election de Dr. iur. Max C. Roesle au conseil d'administration	14 %	Refusée	<i>CONTRE</i>	<i>CONTRE</i>
3	Proposition de Schenker-Winkler Holding : Election de Dr. iur. Max C. Roesle en tant que président du conseil d'administration		-	<i>CONTRE</i>	<i>CONTRE</i>
4	Vote contraignant prospectif sur la rémunération totale du conseil d'administration	31 %	Refusée	<i>POUR</i>	<i>POUR</i>
	Divers		-	● <i>CONTRE</i>	

Détail des présences à l'assemblée générale extraordinaire du 24 juillet 2015

Le taux de présence à l'assemblée générale extraordinaire 2015 était de 78% des actions avec droit de vote. Les voix étaient représentées comme suit :

- Représentant indépendant : 22%
- Actionnaires présents dans la salle : 78%

2. Proxy Analysis

1	Approve annual report, financial statements and accounts	FOR
	<p>The board of directors requests shareholder approval of the company's annual report and of the annual and consolidated accounts for the fiscal year 2015.</p>	
	<p>Company performance in 2015 (see detailed figures in section 3.3 of this report)</p>	
	- Net sales variation in 2015	-1.5% *
	- Net sales variation (3-year annualised)	+2.2%
	- EBIT margin 2015	12.3%
	- EBIT margin 2014	11.4%
	- Net income variation	+4.9%
	- Return on equity 2015	18.8%
	- Return on equity 2014	19.6%
	- Total Shareholder Return (TSR)	25.9%
	- 3-year TSR	82.5%
	<p>* The strength of the Swiss franc had a significant negative impact on Sika's sales measured in Swiss francs. In local currencies, net sales increased by 6.2%.</p>	
	<p>2015 Company milestones</p>	
	<ul style="list-style-type: none"> • During the year under review, the company opened 9 new factories the following regions: <ul style="list-style-type: none"> - EMEA: Dubai, Nigeria, Ivory Coast, Russia and La Réunion - Latin America: Paraguay and Argentina - North America: Philadelphia - Asia/Pacific: Sri Lanka Three new national subsidiaries were also established in Tanzania, Ethiopia and Myanmar. 	
	<ul style="list-style-type: none"> • Since the targets for Strategy 2018 have been reached ahead of schedule, the board of directors raised them in January 2016. Sika is now aiming for an EBIT margin of 12% to 14% (previously over 10%) and an operating free cash flow in excess of 8% (previously over 6%). The company is also aiming to increase its return on capital employed (ROCE) to 25% (previously over 20%) by 2018. The accelerated expansion in growth markets will continue, with investment in 6 to 8 new factories per year and the establishment of new national subsidiaries. 	
	<p>Change of control</p>	
	<ul style="list-style-type: none"> • On 8 December 2014, the Burkard family (4th generation of the founding family) announced the sale of their participation to Saint-Gobain, and, on 11 December 2014, the Burkard family and Saint-Gobain announced the formation of a shareholder group. 	
	<ul style="list-style-type: none"> • On 7 April 2015 (one week before the 2015 AGM), the Burkard family and Saint-Gobain announced the dissolution of their group. On 7 April 2015, Saint-Gobain announced that it held 52.92% of all voting rights via Schenker-Winkler Holding (SWH). However, legal proceedings are underway in connection with the planned transaction, which has not been completed yet. 	

- At the AGM held in April 2015 and the EGM held in July 2015, the status quo regarding the management of the company was maintained: In accordance with the decision of the District Court (Kantonsgericht) of Zug, which was confirmed in second instance by the Cantonal Court (Obergericht) of Zug, the voting rights of the registered shares held by SWH were restricted to 5% of the total number of registered shares for the following agenda items:
 - Re-election of the directors who are not linked to SWH (Dr. Hälg, Mr. van Dijk, Ms. Ribar, Mr. Sauter, Prof. Suter and Mr. Tobler) to the board
 - Election of Dr. Roesle (nominee proposed by SWH)
 - Election of the chairman of the board of directors
 - Re-election of the directors who are not linked to SWH (Mr. van Dijk and Mr. Sauter) to the nomination and remuneration committee
 - Dismissal of 3 directors who are not linked to SWH (Dr. Hälg, Ms. Ribar and Mr. Sauter)
- The annual report mentions that, according to information provided by the Burkard family to Sika, SWH is still formally owned by the Burkard family as of 31 December 2015. The Burkard family therefore still has control over Sika.
- On 12 March 2016, Saint-Gobain and the Burkard family announced the extension of the validity of their agreement for the sale of SWH by one year to 30 June 2017, with an extension option until 31 December 2018.
- Ethos fully supports the board of directors, Group management, 160 senior managers, and employee representatives in opposing Saint-Gobain's hostile takeover bid, which appears to be highly detrimental to the company and its minority shareholders.

Ethos has no special concerns regarding the accuracy of the company's financial statements and accounts. As required by the Swiss Code of Obligations, the auditors confirmed that an internal control system designed for the preparation of financial statements exists as of 31 December 2015. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

2	Approve allocation of income and dividend	FOR
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The board of directors proposes that the amount at the disposal of the AGM be allocated as follows:

Available earnings brought forward	CHF	331.8 million
2015 Income of the parent company	CHF	+1'480.7 million
At the disposal of the AGM	CHF	1'812.5 million
Payment of dividend on bearer shares (listed)	CHF	-167.8 million
Payment of dividend on registered shares (not listed)	CHF	-30.3 million
Allocation to reserves	CHF	-
Carry forward to statutory accounts	CHF	1'614.4 million

Key indicators

Consolidated net income	CHF	460.3 million
Free cash flow (Cash flow from operating activities - Capital expenditures)	CHF	451.5 million
Dividend per bearer share (listed)	CHF	78 (2014: 72)
Dividend per registered share (not listed)	CHF	13 (2014: 12)
Payout ratio		43.0%
Dividend yield (based on the share price of the bearer shares at year-end)		2.2%
Net cash (Cash and cash equivalents + Marketable securities - Current and non-current debt)	CHF	126.1 million

Subject to shareholder approval, the dividend will be paid on 18 April 2016. Given the company's results and cash position, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

3	Discharge board members and executive management	FOR
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The board of directors requests shareholders to discharge its members as well as those of the executive management of their responsibilities for their management of the company for the fiscal year 2015.

In line with the Swiss Code of Obligations, shareholders are requested to release the members of the board of directors from liability for their activities during the fiscal year under review. Shareholders that grant the discharge lose their right to file claims against the members of the board of directors for activities carried out during the year relating to facts that have been disclosed to shareholders. Nevertheless, all shareholders maintain their rights to file claims for facts that have not been disclosed to shareholders when the discharge was granted.

The meeting agenda stipulates that, upon approval of this item, the members of the board and the executive management will be discharged subject to the results of the investigations that will be conducted as part of the special audit requested under ITEM 6.2. Therefore, Ethos considers that the discharge can be approved and, in accordance with its voting guidelines, recommends to vote FOR.

Ethos however notes that, at this stage, it is unclear whether the attitude and activities of Sika's board members who were linked to Schenker-Winkler Holding (SWH) at the time of the transaction (Mr. Urs F. Burkard, Dr. oec. Willi K. Leimer and Mr. Jürgen Tinggren) were in line with their duty of loyalty to Sika and thus whether they acted in the interests of the company and all its shareholders.

In fact, Ethos considers that the decision to sell the control of Sika to Sika's competitor Saint-Gobain (which was made without consulting Sika's management and independent board members) is highly detrimental to the company and its minority shareholders, as it jeopardises the demonstrated success of the company. Therefore, if an individual discharge is requested during the AGM, Ethos (who will be represented in person at the AGM) will, in accordance with point 1.2.d of its voting guidelines, OPPOSE the discharge of the following board members:

- Mr. Urs F. Burkard
- Dr. oec. Willi K. Leimer
- Mr. Jürgen Tinggren

4	Elections to the board of directors
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The board of directors proposes that all its members be re-elected to serve for another 1-year term. In addition, Schenker-Winkler Holding (SWH) proposes to newly appoint Mr. Jacques Bischoff to the board of directors. The majority of the board does not support the election of Mr. Bischoff.

Main features of board composition after the AGM if the board's recommendations prevail

Board size	9
Combination of the functions of Chairman and CEO	No
% independent directors	33.3%
% directors with links to SWH (current or at the time of the transaction)	33.3%
% executive directors	0.0%
% women directors	11.1%
Average age of directors	61.4
Average board tenure	10.0 years

Main features of board composition after the AGM if Mr. Bischoff is elected

Board size	10
Combination of the functions of Chairman and CEO	No
% independent directors	30.0%
% directors with links to SWH (current or at the time of the transaction)	40.0%
% executive directors	0.0%

% women directors	11.1%
Average age of directors	61.4
Average board tenure	9.0 years

Ethos is in profound disagreement with the decision to sell the control of Sika to Saint-Gobain and considers that Sika's board members who were linked to SWH at the time of the transaction (Mr. Urs F. Burkard, Dr. oec. Willi K. Leimer and Mr. Jürgen Tinggren) did not act in the interests of the company and its minority shareholders. Therefore, Ethos cannot support their re-election.

The Burkard-Schenker family has announced its intention to sell its stake to Saint-Gobain and that they will not negotiate any other solution. While Ethos accepts that the founding family has the right to exit the company, Ethos considers that the takeover by Saint-Gobain is not the best solution. Therefore, Ethos cannot accept the election of Prof. Bischoff, who will represent SWH against the interests of the non-family shareholders and other stakeholders. In addition, Ethos considers that it is not in the interest of good governance to elect a nominee who is not supported by a majority of the incumbent directors, in particular in the context of the sale of SWH to Saint-Gobain.

Ethos notes that Ms. Ribar, Dr. Hälg, Mr. van Dijk, Mr. Sauter, Prof. Suter and Mr. Tobler will only accept their election if all of them are re-elected and Dr. Hälg is also re-elected as board chairman.

If the above 6 board members do not accept re-election, the board will lose significant expertise: 2 board members with extensive professional experience in the construction and materials industry (Dr. Hälg and Mr. Tobler) and one long-standing board member (Prof. Suter) who is an engineering professor specialised in the fields of chemicals and materials, where Sika is active, will leave the board, as well as the only 2 audit experts (Ms. Ribar and Mr. Sauter). Ethos considers that their presence on the board is extremely valuable and therefore supports their re-election.

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| 4.1.1 | Re-elect Dr. sc. techn. Paul J. Hälg | FOR |
| | <p>The board proposes to re-elect Dr. sc. techn. Paul J. Hälg (Swiss, 62) for a further 1-year term. He has been board member since 2009 and chairman since 2012. He is considered independent.</p> <p>Ethos considers that Dr. Hälg has fulfilled his chairmanship with the required diligence toward Sika's minority shareholder in the hostile takeover attempt launched by Saint-Gobain. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p> | |
| 4.1.2 | Re-elect Mr. Urs F. Burkard | OPPOSE |
| | <p>The board proposes to re-elect Mr. Urs F. Burkard (Swiss, 59) for a further 1-year term. He has been board member since 1990 and is currently member of the nomination and remuneration committee. As member of Sika's founding family and vice chairman of SWH, he is considered affiliated.</p> <p>As mentioned above, Ethos considers that the members of the board of directors of Sika who are linked to SWH have not acted in the best interests of Sika and its stakeholders in consideration of the transaction with Saint-Gobain. Therefore, Ethos, in accordance with point 2.1.b of its voting guidelines, recommends to OPPOSE.</p> | |
| 4.1.3 | Re-elect Mr. Frits van Dijk | FOR |
| | <p>The board proposes to re-elect Mr. Frits van Dijk (Dutch, 69) for a further 1-year term. He has been board member since 2012 and is currently chairman of the nomination and remuneration committee. He is considered independent. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p> | |
| 4.1.4 | Re-elect Dr. oec. Willi K. Leimer | OPPOSE |
| | <p>The board proposes to re-elect Dr. oec. Willi K. Leimer (Swiss, 58) for a further 1-year term. He has been board member since 2010 and is currently member of the audit committee. As chairman of SWH until 9 December 2014, he is considered affiliated.</p> <p>As mentioned above, Ethos considers that the members of the board of directors of Sika who were linked to SWH at the time of the transaction with Saint-Gobain have not acted in the best interests of Sika and its stakeholders. Therefore, Ethos, in accordance with point 2.1.b of its voting guidelines, recommends to OPPOSE.</p> | |

4.1.5	Re-elect Ms. Monika Ribar	FOR
<p>The board proposes to re-elect Ms. Monika Ribar (Swiss, 57) for a further 1-year term. She has been board member since 2011 and is currently chairman of the audit committee. She is considered independent. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		
4.1.6	Re-elect Mr. Daniel J. Sauter	FOR
<p>The board proposes to re-elect Mr. Daniel J. Sauter (Swiss, 59) for a further 1-year term. He has been board member since 2000 and is currently member of the nomination and remuneration committee. Due to his long tenure on the board, he is considered affiliated. However, he has no conflict of interests. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		
4.1.7	Re-elect Prof. Dr. sc. techn. Ulrich W. Suter	FOR
<p>The board proposes to re-elect Prof. Dr. sc. techn. Ulrich W. Suter (Swiss, 72) for a further 1-year term. He has been board member since 2003. Due to his long tenure on the board, he is considered affiliated. However, he has no conflict of interests. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		
4.1.8	Re-elect Mr. Jürgen Tinggren	OPPOSE
<p>The board proposes to re-elect Mr. Jürgen Tinggren (Swedish, 58) for a further 1-year term. He has been board member since 2014. As board member of SWH until 9 December 2014, he is considered affiliated. As mentioned above, Ethos considers that the members of the board of directors of Sika who were linked to SWH at the time of the transaction with Saint-Gobain have not acted in the best interests of Sika and its stakeholders. Therefore, Ethos, in accordance with point 2.1.b of its voting guidelines, recommends to OPPOSE.</p>		
4.1.9	Re-elect Mr. Christoph Tobler	FOR
<p>The board proposes to re-elect Mr. Christoph Tobler (Swiss, 59) for a further 1-year term. He has been board member since 2005 and is currently member of the audit committee. Since he was a member of Sika's management (Head of the Industry division) from 1998 to 2004 before joining the board at the 2005 AGM, he is considered affiliated. However, he has no conflict of interests and Ethos supports his re-election. Ethos therefore recommends to vote FOR.</p>		
4.2	Schenker-Winkler Holding's proposal: Elect Prof. Dr. iur. Jacques Bischoff to the board of directors	OPPOSE
<p>Schenker-Winkler Holding proposes to newly appoint Prof. Dr. iur. Jacques Bischoff (Swiss, 61) for a 1-year term. As representative of SWH, he is considered affiliated.</p> <p>The Burkard-Schenker family has announced its intention to sell its stake to Saint-Gobain and that they will not negotiate any other solution. While Ethos accepts that the founding family has the right to exit the company, Ethos considers that the takeover by Saint-Gobain is not the best solution. Therefore, Ethos cannot accept the election of Prof. Bischoff, who will represent SWH against the interests of the non-family shareholders and other stakeholders.</p> <p>In addition, Ethos considers that it is not in the interest of good governance to elect a nominee who is not supported by a majority of the incumbent directors. Therefore, Ethos, in accordance with its voting guidelines, recommends to OPPOSE.</p>		
4.3	Re-elect Dr. sc. techn. Paul J. Hälg as board chairman	FOR
<p>The board of directors proposes to elect Dr. sc. techn. Paul J. Hälg as its chairman for a 1-year term.</p> <p>Ethos notes that Dr. Hälg will only accept his re-election as chairman if Ms. Ribar, Mr. van Dijk, Mr. Sauter, Prof. Suter and Mr. Tobler are re-elected to the board of directors.</p>		

As mentioned above, Ethos considers that Dr. Hälgi has fulfilled his chairmanship with the required diligence toward Sika's minority shareholder in the hostile takeover attempt launched by Saint-Gobain. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

4.4 Elections to the nomination and remuneration committee

The board of directors proposes that Mr. Frits van Dijk, Mr. Urs F. Burkard and Mr. Daniel J. Sauter be re-elected to the nomination and remuneration committee to serve for another 1-year term.

Main features of the nomination and remuneration committee composition after the AGM

Committee size	3
Number of independent members	1
Number of executive members	0
Number of members with executive functions within other listed companies	0

Ethos notes that Messrs. van Dijk and Sauter will only accept their re-election to the committee if both of them are re-elected, or if Ms. Ribar or Prof. Suter or Mr. Tobler are elected in their place.

Since Ethos cannot support the re-election of Mr. Burkard to the board of directors (see ITEM 4.1.2), Ethos cannot approve his re-election to the nomination and remuneration committee. The other 2 nominees (Mr. Sauter and Mr. van Dijk) have no conflict of interests. Their re-election to the nomination and remuneration committee can be approved.

4.4.1 Re-elect Mr. Frits van Dijk to the nomination and remuneration committee FOR

The board proposes to re-elect Mr. Frits van Dijk to the nomination and remuneration committee for a 1-year term. He is currently chairman of the committee. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

4.4.2 Re-elect Mr. Urs F. Burkard to the nomination and remuneration committee OPPOSE

The board proposes to re-elect Mr. Urs F. Burkard to the nomination and remuneration committee for a 1-year term. Since Ethos did not support his re-election to the board of directors under ITEM 4.1.2, Ethos cannot approve his re-election to the nomination and remuneration committee and, in accordance with point 2.4.a of its voting guidelines, recommends to OPPOSE.

4.4.3 Re-elect Mr. Daniel J. Sauter to the nomination and remuneration committee FOR

The board proposes to re-elect Mr. Daniel J. Sauter to the nomination and remuneration committee for a 1-year term. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

4.5 Election of the auditors FOR

The board of directors recommends that shareholders ratify the re-appointment of Ernst & Young as the company's external auditors for a further 1-year term.

Audit versus non-audit fees

Non-audit fees / Audit fees (2015)	38.9%
Non-audit fees / Audit fees (3-year aggregate)	41.5%

The breakdown of fees paid to the external auditor is adequately disclosed (see section 3.4 of this report). In light of the ratio of non-audit fees paid by the company to its external auditor, the re-appointment of the auditor can be accepted. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

4.6	Election of the independent proxy	FOR
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The Minder ordinance requires that the independent proxy be elected by the shareholders. The board of directors therefore proposes the appointment of Dr. Max Brändli (lawyer in Zug) as independent proxy for a 1-year term.

Ethos is not aware of any potential conflict of interests and, in accordance with its voting guidelines, recommends to vote FOR.

5.1	Binding vote on the total remuneration of the board of directors for the period from the 2015 AGM to the 2016 AGM	FOR
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The board of directors requests shareholder approval of the total maximum remuneration to be paid to the board of directors for the period from the 2015 AGM to the 2016 AGM (retrospective vote). The requested amount (CHF 2'870'000 for the 9 board members) is 4.3% lower than the amount requested at the AGM held in April 2015 and at the EGM held in July 2015, which was rejected both times by SWH. Ethos recommended to vote FOR the requested amount at the 2015 AGM and at the EGM.

The breakdown of the amount is provided in section 5 of this report.

The members of the board of directors cannot receive options or variable remuneration, which is in line with best practice. In addition, in view of the company's size and complexity, Ethos considers that the proposed board remuneration is acceptable. Moreover, Ethos considers it is not normal that the controlling shareholder refuses to pay the board of directors. Therefore, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.2	Advisory vote on the remuneration report	FOR
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The board of directors requests an advisory vote on the remuneration report included in the annual report. While the vote is not binding, it allows shareholders to send a message to the board that could help shape executive remuneration. The remuneration report describes the remuneration policy and discloses the remuneration paid to both non-executive board members and members of the executive board. Section 4 of this report includes the description and detailed figures of the 2015 remuneration of the board of directors and of the members of the executive management of the company.

A) Changes implemented

In 2015, the following changes were introduced to the remuneration structure and report:

- The total target remuneration (base salary, target bonus, target grant under the long-term incentive plan) of the CEO and 4 other members of the executive management have been aligned to the market level. For the CEO, his total target remuneration increased from CHF 2'585'600 (CHF 808'000 as base salary, CHF 808'000 as target bonus, CHF 969'600 as target LTIP) to CHF 2'823'880 (CHF 908'000 as base salary, CHF 908'000 as target bonus, CHF 1'007'880 as target LTIP). The CEO's target bonus (as % of the base salary) remained unchanged (100%), while his target grant under the LTIP (as % of the base salary) decreased from 120% to 111%.
- The threshold level of return on capital employed (ROCE, excluding acquisitions) under which the LTIP does not vest was increased from 18% to 20%.
- The target level of ROCE at which the LTIP vests fully was increased from 20% to 24%.

B) Ethos' appraisal of the remuneration system

B.1) Disclosure

Sika's remuneration report is one of the most comprehensive and transparent among Swiss listed companies, which Ethos commends. All the elements necessary to assess the remuneration system and make informed decisions are clearly disclosed, in particular:

- The functioning of the annual bonus and the long-term incentive plan (LTIP) are clearly explained.
- The performance conditions for the annual bonus and the long-term incentive plan, as well as the corresponding vesting scales, are clearly disclosed.
- The effective level of variable remuneration (short-term and long-term) paid is clearly explained with regard to the performance achieved.

- The peer groups used by the company to compare its performance, as well as its overall level of remuneration are disclosed.

B.2) Remuneration structure: Board members

In 2015, the board members have only been paid for 3.5 months from January until the AGM held on 14 April 2015: SWH rejected the amount requested for the board remuneration at the AGM held in April 2015 and at the EGM held in July 2015 and their voting rights were not restricted on these items.

The chairman of the board, Dr. Hälg, received CHF 313'009 (-63.9%), while the other members of the board received on average CHF 82'005 (-66.9%). The chairman's remuneration is 3.8 times the average remuneration of the other members of the board.

The annual report mentions the remuneration for the full-year (which includes the above remuneration that was paid for the period from January to April 2015, and the remuneration proposed for the period May to December that is still to be paid upon approval of ITEM 5.1). The full-year remuneration of the chairman, Dr. Hälg is CHF 868'203 (+0.1% compared to his full-year remuneration 2014), while the full-year remuneration of the other members of the board is CHF 219'466 on average (+3.5%)

Positive features

- The non-executive directors do not receive any performance-related remuneration or options, which is compliant with best practice.
- Part of their remuneration is paid in shares blocked for 4 years, which helps to align the interests of the board members with those of the shareholders.
- Ethos considers that the annual amounts (which were not fully paid in 2015) are acceptable in view of the size and complexity of the company (see ITEM 5.3).

B.3) Remuneration structure: Executive management

Members of the executive management, including the CEO, have a base salary and can receive variable remuneration under 2 incentive plans, which are described in detail under section 4.5 of this report. For the year under review, the company CEO, Mr. Jenisch, received a total remuneration of CHF 3'509'000 (+3.3%), of which 61% is variable. His total variable remuneration at grant represents 2.36 times his base salary. The other members of the management received on average CHF 1'580'500 (-3.9%), of which 48% is variable. Their total variable remuneration at grant represents 1.58 times their average base salary.

Pay-for-performance connection

In order to assess the pay-for-performance connection, and thus the relevance of the level of bonus paid, Ethos reviews the performance of the company compared to 71 other companies active in the same industry as Sika (based on the Global Industry Classification Standard (GICS) level 3). Ethos considers that the sales growth, the evolution of EBITDA (relative to the sales at the beginning of the period) and the total shareholder return (TSR) give a good overview of the performance of the company.

For the 2015 financial year, the company ranks at the following percentiles (100 is best) for each of the indicators:

Sales growth	37th
Evolution of EBITDA	49th
TSR	87th

Based on the three indicators, the company ranks at the 60th percentile. The above ranks are based on Sika's figures measured in Swiss francs. In local currencies, Sika's sales growth ranks at the 69th percentile and Sika ranks at the 78th percentile among the peer group (17th out of 72 companies).

Ethos notes that the CEO's effective bonus is 122% of his target bonus (between 101% and 149% of the target bonus for the other executives).

Positive features

- Ethos considers that the effective bonus paid is in line with the company's performance (including sales measured in local currencies). In fact, Ethos considers that the target bonus should reward median performance. Since the performance of the company is above the median, Ethos considers that the payment of a bonus above target is adequate.

- Both the annual bonus and the long-term incentive are clearly capped at reasonable levels. In fact, the CEO's bonus is capped at 162% of his base salary (including matching shares), while his long-term incentive is capped at 111% of his base salary. For the other members of the management, the bonus is capped at between 87% and 146% of the base salary (depending on the function), while the long-term incentive is capped at between 49% and 86% of the base salary.
- 20% of the annual bonus is mandatorily converted into shares blocked for 4 years. The members of the management can voluntarily defer a further 20%. Such a structure aims to align the interests of the management with those of the shareholders, acts as a retention and avoids large cash payouts for short-term results. In order to compensate the members of the executive management for the blocking period of the part of the bonus paid in shares, matching shares are allocated. However, 1 matching share is granted for every 5 bonus shares blocked, which is acceptable.
- The major part of the variable remuneration is deferred and paid in shares. In addition, an important part of the variable remuneration is conditional upon the achievement of forward-looking long-term performance conditions.
- 60% of the annual bonus is based on relative performance conditions (measured against a peer group).

C) Ethos' recommendation

Ethos considers that the company's overall transparency with regard to remuneration is very good, and that the level of remuneration is reasonable with regard to the size of the company and its performance. In view of the above-mentioned positive features of the remuneration system, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.3	Binding vote on the total remuneration of the board of directors for the period from the 2016 AGM to the 2017 AGM	FOR
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The board of directors requests shareholder approval of the total maximum remuneration to be paid to the board of directors for the period from the 2016 AGM to the 2017 AGM (prospective vote).

A) Board proposal

The board requests a maximum total amount of CHF 3 million for the 9 members of the board, including the chairman (see section 5 of this report for details).

B) Comparison to company peers

In 2014 (most recent figures available), the total remuneration paid to the members of the board of directors of companies similar to Sika (peers) was the following:

Median remuneration of chairmen	CHF	893'124
Median remuneration of other board members	CHF	289'514

NB: Ethos' peer group consists of 21 companies (excluding companies active in financial services) listed in Switzerland, including Sika, that are comparable to Sika in terms of market capitalisation, number of employees, and total revenues.

In 2015, CHF 969'050 were paid to the 9 members of the board of directors. This corresponds to their remuneration for 3.5 months since SWH rejected the amount requested for the board remuneration at the AGM held in April 2015 and at the EGM held in July 2015.

Upon approval of ITEM 5.1, the full-year remuneration for 2015 (CHF 2'843'399 for the 9 members of the board) will be as follows:

Chairman	CHF	868'203
Other board members (average)	CHF	219'466

The full-year remuneration of the chairman as well as the other directors is below the median of the peer group. The amount requested for the period from the 2016 AGM to the 2017 AGM only allows for a small potential increase in total remuneration (4%).

C) Ethos' recommendation

The members of the board of directors cannot receive options or variable remuneration, which is in line with best practice. In addition, in view of the company's size and complexity, Ethos considers that the proposed board remuneration is acceptable. Therefore, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.4	Binding prospective vote on the total remuneration of the executive management	FOR
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The board of directors requests shareholder approval of the total maximum remuneration to be paid to the executive management for the 2017 financial year (prospective vote).

A) Board proposal

The board requests a maximum amount of CHF 18 million to be paid to the 9 members of the executive management, including the CEO (see section 5 of this report for details).

Ethos notes that the total amount is unchanged from the amount approved by the shareholders at the 2015 AGM. However, the amount requested this year includes CHF 100'000 more as fixed remuneration and CHF 100'000 less as short-term variable remuneration. Ethos approved the amount at the 2015 AGM.

B) Ethos' appraisal of the requested amount

B.1) Fixed remuneration (CHF 8.4 million)

In 2014 (most recent figures available), the base salaries paid to the members of the executive management of companies similar to Sika (peers) were the following:

Median base salary of CEOs	CHF	1'200'000
Median base salary of other executives	CHF	573'613

NB: Ethos' peer group consists of 21 companies (excluding companies active in financial services) listed in Switzerland, including Sika, that are comparable to Sika in terms of market capitalisation, number of employees, and total revenues.

In 2015, the base salaries at Sika were as follows:

CEO	CHF	908'000
Other executives (average)	CHF	482'875

In addition to the base salaries, the amount reserved for fixed remuneration includes expenses as well as social security and pension contributions (calculated based on the maximum potential variable remuneration).

B.2) Variable remuneration (annual bonus: CHF 6 million, long-term incentive: CHF 3.6 million)

The amount reserved for the annual bonus corresponds to the maximum potential bonus that can be paid to the executive management, including the corresponding maximum potential number of matching shares (see point 4.5.B of this report).

The amount reserved for the long-term incentive (LTIP) includes the maximum that can be granted under the LTIP in the financial year 2017. Since the LTIP is not leveraged (the maximum vesting corresponds to 100% of the initial grant), the requested amount also corresponds to the maximum that can vest in 2020.

While the functioning of the variable remuneration system is clearly describe ex post in the remuneration report, no indication is provided by the company with regard to the system that will be applied for the grants to be made in 2017. However, Ethos notes that the historical pay-for-performance connection appears to be adequate and that the company does not pay out excessive remuneration (see ITEM 5.2 - Advisory vote on the remuneration report). In addition, the current remuneration system is in line with Ethos' guidelines and the company does not intend to make significant changes to the remuneration system.

C) Ethos' recommendation

While Ethos would have preferred to vote retrospectively on the annual bonus to be able to assess the pay-for-performance connection, Ethos considers that the requested amount is adequate. In fact, Sika's remuneration structure is in line with Ethos' guidelines. In addition, the effective remuneration paid, as described in the remuneration report, is in line with the company's performance. Therefore, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

6	Proposal of the shareholder group formed by Cascade, Bill & Melinda Gates Foundation Trust, Fidelity, and Threadneedle: Extend the term of office of the special experts to the 2020 AGM	FOR
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The shareholder group formed by Cascade, Bill & Melinda Gates Foundation Trust, Fidelity, and Threadneedle (which held 9.24% of the capital and 5.23% of the voting rights as of 31 December 2015) proposes to extend the term of office of the special experts until the 2020 AGM.

Ethos notes that the majority of the board recommends to vote FOR the proposal.

At the 2015 AGM, Peter Montagnon, Peter Spinnler and Jörg Walther were elected as special experts until the 2017 AGM to review and investigate the conduct of business of Sika relating to SWH, the Burkard family and Saint-Gobain, in particular with regard to its effect on the public shareholders. In particular, they are instructed and authorised to:

- Review and investigate the business conduct of Sika that is related to SWH and/or Saint-Gobain or any of their representatives or advisors.
- Access all records and information of Sika (e.g. board minutes, board materials, confidential reports, plans and projects, correspondence, e-mail communication, drafts of such documents, etc.).
- Request any information from any member of the board of directors and Group management, employee or advisor of Sika.
- Inform the shareholders about its activities and findings at each general meeting and report at least twice a year.
- Enforce its rights to fulfil its mandate and to take all actions required to safeguard proper fulfilment of its mandate.

Ethos notes that, in accordance with the resolution approved by the shareholders at the 2015 AGM, the special expert committee remained inactive in 2015: It will remain inactive as long as the majority of the board members are independent from the Burkard family and Saint-Gobain.

Ethos considers that the appointment of a special expert committee to review the future conduct of the business of Sika with regard to the transaction between the Burkard family and Saint-Gobain is in the interest of the company and its stakeholders.

In addition, as mentioned under ITEM 1, Saint-Gobain and the Burkard family announced the extension of the validity of their agreement for the sale of SWH by one year to 30 June 2017, with an extension option until 31 December 2018. Therefore, the initial term of office of the special experts (which ends at the 2017 AGM) is not sufficient for the special experts to be able to review the conduct of the business in the following two potential scenarios:

- The transaction between the Burkard family and Saint-Gobain closes and Saint-Gobain takes control of Sika.
- The transaction between the Burkard family and Saint-Gobain and the Burkard family changes the board composition so that the board comprises a majority of representatives of the Burkard family.

Therefore, Ethos considers that it is necessary to extend the term of office of the special experts and, in accordance with its voting guidelines, recommends to vote FOR.

Transact any other business	OPPOSE
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Ethos recommends to oppose any unannounced additional proposals made during the AGM either by the board or by a shareholder. The formal meeting agenda does not include this proposal, which is only included in the proxy card with no precise item number. Ethos, in accordance with point 9.1 of its voting guidelines, recommends to OPPOSE.

3. Company Information

Before the General Meeting of 12 April 2016

3.1 General Information

Headquarters	Baar (ZG), Switzerland
Activities	Sika is active in the field of specialty chemicals with operations divided into two business areas, the Construction Division (79% of Group sales in 2015) and the Industry Division (21%). Sika is active in processing materials used in sealing, bonding, damping, reinforcing, and protecting of load-bearing structures.
Employees	Total number on 31.12.2015: 17281
Chairman	Dr. sc. techn. Paul J. Hälg (since 2012), Swiss, aged 62
CEO	Jan Jenisch (since 2012), German, aged 50
Listing	SIX Swiss Exchange

3.2 Capital

Issued Capital	In CHF	Number	Nominal Value	Issued Capital
		2'333'874	0.10	233'387
		2'151'199	0.60	1'290'719
				1'524'107

Only bearer shares are listed.

The company's articles of association include an exemption (opting-out clause) to the obligation to make a public offer to acquire all listed securities as stipulated in the Federal Law on Financial Market Infrastructure when a shareholder exceeds the 33.3% ownership threshold.

Authorisation to issue shares without guaranteed pre-emptive rights	In CHF	Equity Type	Number	% of Issued Capital
		Bearer shares	259'822	10.2 %
				10.2 %

The conditional capital corresponds to 12.1% of the listed bearer share capital. There are no convertible bonds outstanding.

Conditions to file a shareholder resolution	Date	31.12.2015	In CHF	Nominal value required	10'000
				Market value required	60'334'540
				% of listed voting capital	0.77 %

The articles of association set the threshold to add an item to the agenda at CHF 10'000 nominal (0.66% of the total capital).

Restriction on registration of shares or voting rights

The board can refuse the registration as shareholder of buyers of registered shares exceeding 5% of the total number of registered shares. The board made an exception to this rule for the Burkard family.

Nominees are registered without voting rights.

Important shareholders

On 31 December 2015 (no further announcement on the SIX Exchange):

- Burkard-Schenker family (via Schenker-Winkler Holding): 16.97% of the capital and 52.92% of the voting rights*
- Shareholder group of Threadneedle (UK) and Bill and Melinda Gates Foundation (USA): 9.24% of the capital and 5.23% of the voting rights
- BlackRock (USA): 5.32% of the capital and 3.02% of the voting rights

* According to information provided by the family to Sika. On 8 December 2014, the Burkard-Schenker family announced the sale of their participation to Saint-Gobain, and, on 11 December 2014, the Burkard-Schenker family and Saint-Gobain announced the formation of a shareholder group. On 7 April 2015, the Burkard-Schenker family and Saint-Gobain announced the dissolution of their group. On 7 April 2015, Saint-Gobain announced that it held 52.92% of all voting rights via Schenker-Winkler Holding. Legal proceedings are underway in connection with the planned transaction, which, as far as the company is aware, has not yet been concluded.

3.3 Financials and Key Figures

Year end 31. December
Reporting standard IFRS

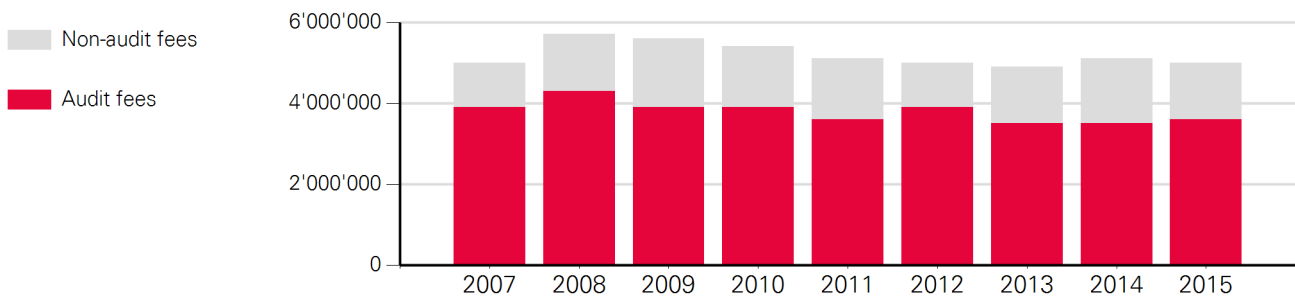
		2015	2014	2013
Total revenues	CHF	5'489.20 million	5'571.30 million	5'142.20 million
EBIT	CHF	673.30 million	633.20 million	523.50 million
Net income attributable to shareholders (without minority interests)	CHF	460.30 million	439.00 million	342.20 million
Shareholders' equity	CHF	2'530.80 million	2'367.10 million	2'120.10 million
Market capitalisation at year-end	CHF	7'787.34 million	6'315.92 million	6'822.00 million
Earnings per registered share (basic)	CHF	30.23	28.87	22.55
Earnings per bearer share (basic)	CHF	181.37	173.19	135.27
Dividend per registered share	CHF	13.00	12.00	9.50
Dividend per bearer share	CHF	78.00	72.00	57.00
Payout ratio (on group net income)		43.01 %	41.57 %	42.14 %
Market value per bearer share at year end	CHF	3'620.00	2'936.00	3'171.00

Comments The above market capitalisation corresponds to the market value of the listed bearer shares. Taking into account all shares (listed and not listed) and no control premium, the market value of the company is CHF 9.2 billion.

3.4 External Auditor

Auditor Ernst & Young, since 1995

Fees	In CHF	2015	2014	2013
Audit fees		3'600'000	3'500'000	3'500'000
Non-audit fees		1'400'000	1'600'000	1'400'000
Total		5'000'000	5'100'000	4'900'000



Comments The lead auditor, Mr. Christoph Michel, has been in charge since 2010.

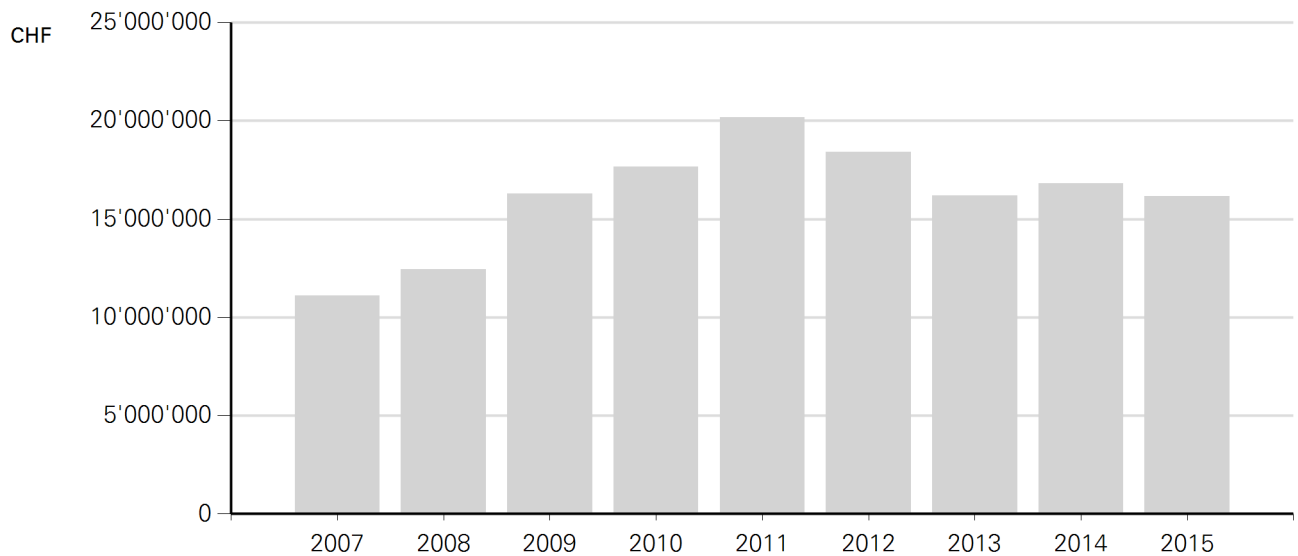
In 2015, non-audit fees were broken down as follows:

- Tax consultancy fees: CHF 800'000
- Audit-related consultancy fees: CHF 600'000

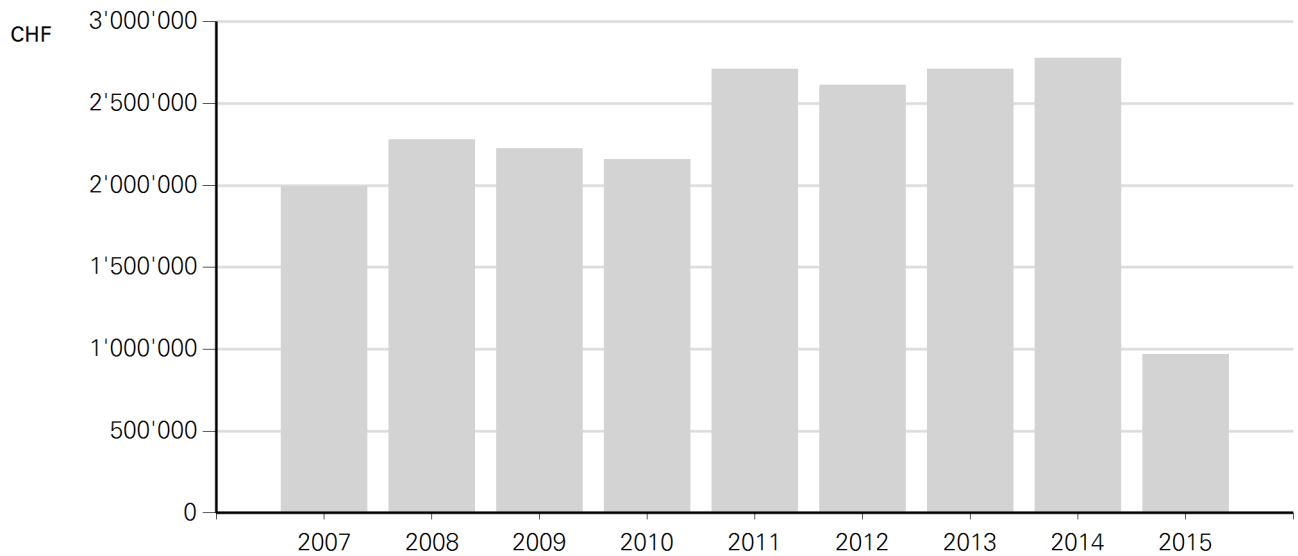
4. Remuneration Report

4.1 Evolution of the Aggregate Remuneration

A Members of the Executive Management



B Board Members (Outside Executive Management)



4.2 Global Remuneration Figures

A Members of the Executive Management

		2015 Number	2015 CHF	2014 Number	2014 CHF	Var.
Total number of persons (FTE)		9.0		9.2		
Cash	Fixed		4'771'000		4'797'000	-0.6%
	Variable		3'438'000		4'148'000	-17.1%
Shares	Fixed	0	0	0	0	0.0%
	Variable	NA	4'809'000	NA	4'970'000	-3.2%
Options	Variable	0	0	0	0	0.0%
Other			3'135'000		2'910'000	7.7%
Total			16'153'000		16'825'000	-4.0%
Highest paid executive			3'509'000		3'396'000	3.3%
Average other executives			1'580'500		1'644'367	-3.9%

B Board Members (Outside Executive Management)

		2015 Number	2015 CHF	2014 Number	2014 CHF	Var.
Total number of persons (FTE)		9.0		8.7		
Cash	Fixed		643'334		1'883'333	-65.9%
	Variable		0		0	0.0%
Shares	Fixed	NA	238'326	NA	705'594	-66.2%
	Variable	0	0	0	0	0.0%
Options	Variable	0	0	0	0	0.0%
Other			87'391		186'789	-53.2%
Total			969'051		2'775'716	-65.1%
Highest paid non-executive			313'009		867'415	-63.9%
Average other non-executives			82'005		247'563	-66.9%

Comments

A. Members of the executive management:

The executive remuneration includes the following elements:

- Base salary
- Short-term incentive paid in cash and shares (see point 4.5.B of this report)
- Long-term incentive in the form of Performance Share Units (PSUs, see point 4.5.C of this report)
- Pension
- Social security contributions, benefits in kind and other expenses

The highest paid executive was Mr. Jan Jenisch (CEO) both in 2015 and 2014.

B. Non-executive board members:

The annual remuneration of the members of the board (excluding the chairman) is as follows:

- Basic fee for board membership: CHF 150'000*
 - Fixed amount paid in shares blocked for 4 years: CHF 50'000
 - Additional fee for committee chairmanship: CHF 50'000
 - Additional fee for committee membership: CHF 30'000
- * In addition, the vice chairman of the board receives additional remuneration of CHF 5'000 per day if additional work is required (e.g. to step in for the absence of the chairman).

The chairman of the board receives the following elements:

- Basic fee (individually determined based on skills and experience) paid in cash
- Fixed amount (individually determined based on skills and experience) paid in shares blocked for 4 years
- Representation allowance

In case of change of control or liquidation, the shares are unblocked immediately.

The 2015 remuneration of the board is substantially lower than in 2014, as they have only been paid for 3.5 months from January until the AGM held on 14 April 2015 (SWH rejected the amount requested for the board remuneration at the AGM held in April 2015 and at the EGM held in July 2015). The above-mentioned fees relate to a full year.

The highest paid non-executive board member was Dr. Paul Hälg (chairman) both in 2015 and 2014.

4.3 Individual Remuneration Figures

Individual figures for 2015 (CHF)

A Members of the Executive Management

Name, Function	Cash Fixed	Cash Variable	Shares Fixed	Shares Variable	Options Variable	Other	Total
J. Jenisch, CEO	908'000	877'000	0	1'264'000	0	460'000	3'509'000
Average other executives	482'875	320'125	0	443'125	0	334'375	1'580'500

B Board Members (Outside Executive Management)

Name, Function	Cash Fixed	Cash Variable	Shares Fixed	Shares Variable	Options Variable	Other	Total
P. Hälg, Ch	170'000	0	100'166	0	0	42'843	313'009
J. Tinggren, VCh	50'000	0	17'270	0	0	5'161	72'431
U. Burkard, Mbr	60'000	0	17'270	0	0	5'888	83'158
W. Leimer, Mbr	60'000	0	17'270	0	0	5'888	83'158
M. Ribar, Mbr	66'667	0	17'270	0	0	6'373	90'310
D. Sauter, Mbr	60'000	0	17'270	0	0	5'888	83'158
U. Suter, Mbr	50'000	0	17'270	0	0	4'164	71'434
C. Tobler, Mbr	60'000	0	17'270	0	0	5'888	83'158
F. van Dijk, Mbr	66'667	0	17'270	0	0	5'298	89'235

Comments

The remuneration of the board consists of their remuneration for 3.5 months from January until the AGM held on 14 April 2015 (SWH rejected the amount requested for the board remuneration at the AGM held in April 2015 and at the EGM held in July 2015, and their voting rights were not limited on these items).

4.4 Best Practice Checklist

A Members of the Executive Management

Company practice	Each member's remuneration disclosed separately	-
	All pay components disclosed separately (salary, bonus, LTI, pension)	Ok
	Peer group's companies disclosed	Ok
	Accrual principle applied	Ok
	Performance criteria for short-term incentive adequately disclosed	Ok
	% of annual bonus depending on individual criteria disclosed	Ok
	Ex-post explanation of the level of achievement of the performance objectives for the short-term incentive	Ok
	Performance criteria for the vesting of long-term incentive adequately disclosed	Ok
	Precise performance objectives for the vesting of the long-term incentive disclosed	Ok
	Level of vesting of the long-term incentive (in % of the initial grant) disclosed	Ok
	Value realised upon vesting of the long-term incentive disclosed	Ok
	Shares granted valued at fair market value	Ok
	Options granted valued at fair market value	Not relevant

B Board Members (Outside Executive Management)

Company practice	Non-executive directors' fees partly paid in shares	Ok
	Non-executive directors do not receive options	Ok
	Non-executive directors do not receive performance based remuneration	Ok
	Minimum share ownership requirements exist for non-executive board members	-

4.5 Remuneration Structure (Executives)

A Remuneration Breakdown

Breakdown	Base salary	Short-term incentives	Long-term incentives	Pensions / Other
Of highest paid executive	25.9%	32.5%	28.5%	13.1%
Of other executives	30.6%	27.2%	21.1%	21.2%

B Short-term Incentives

Short-term incentives in % of base salary	On target	Maximum	Actual
Of highest paid executive	100.0%	162.0%	125.6%
Of other executives	NA	NA	89.1%

Performance criterion	Type	Weighting (highest paid)	Weighting (other executives)
Net sales	Relative	20.0%	20.0%
EBIT	Absolute	20.0%	20.0%
EBIT	Relative	40.0%	40.0%
Net working capital	Absolute	10.0%	10.0%
People and projects management	Absolute	10.0%	10.0%

Additional description of the short-term incentive:

The relative criteria (EBIT improvement and net sales growth) correspond to the Group performance conditions, while the absolute criteria are measured at the level of the business under responsibility of the beneficiary (EBIT, net working capital, people and project management).

For each objective of the Group performance, the performance is measured against a peer group of 25 companies and the payout factors are the following:

- Below the lower quartile of the peer group: no payout
- Below median: 50% of target
- At the median: 100% of target
- Upper quartile: 150% of target
- Best in the peer group: 200% of target

Any payout factor in between is interpolated linearly.

For each individual objective, the payout factor can be between 0% and 200% of the target. The overall bonus is however capped at 150% of the target bonus.

According to the Sika Share Purchase Plan (SSPP), the members of management must convert 20% of their bonus into shares and can voluntarily defer a further 20%. For every 5 shares purchased under the SSPP, Sika grants 1 matching share. All shares have a blocking period of 4 years. In case of change of control or termination of employment due to retirement, death or disability, the blocking period may be shortened.

The target bonus of the CEO is set at 100% of his base salary (for the other members of the executive management: between 54% and 90%). The maximum bonus shown above has been calculated including matching shares in case of maximum deferral (40% of the bonus).

C Long-term Incentives

Incentive	Plan 1	Plan 2	Plan 3
Type of awards	PSUs		
Fair value at grant date disclosed	No		
Vesting period for time-vesting awards	Not relevant		
Performance period	3 years		
Sale restriction after performance/vesting period	4 years		
Absolute performance criteria for vesting	ROCE		
Relative performance criteria for vesting	None		
Initial grant for the highest paid (in % of the base salary)	111%		
Minimum final grant (in % of initial grant)	0%		
Maximum final grant (in % of initial grant)	100%		
Maximum payout (valued at date of grant, in % of the base salary)	111%		

Comments

Plan 1

Each year, a certain number of Performance Share Units (PSUs) is granted to each executive manager. The PSUs vest after a period of 3 years depending on the return on capital employed (ROCE). The average ROCE achieved during the performance period is assessed against the target ROCE set by the board at the beginning of the vesting period. For the 2015 grant, the ROCE target (excluding acquisitions) is 24% and the threshold is 20%.

The PSUs vest into shares as follows:

- ROCE below the threshold level: 0%
- ROCE at the threshold level: 50%
- ROCE at or above target: 100%
- ROCE between threshold and target level: linear interpolation

To determine the level of vesting, the acquisitions are excluded from the ROCE calculations in the year of acquisition and for 2 additional calendar years.

The shares are allocated at their fair market value in the month of April following the 3-year vesting period. From this allocation date, the shares have a further blocking period of 4 years, during which they are excluded from trading.

In case of change of control, the shares are unblocked immediately and the board of directors has the discretion to determine the appropriate measure regarding the PSUs.

In 2015, the target grant corresponds to 111% of base salary for the CEO (between 49% and 86% for the other executives).

For the LTI that vested in 2015, the ROCE performance condition of 20% in the last year of the vesting period (old plan rule) has been overachieved: in 2015, ROCE (excluding acquisitions) amounts to 27.1%, leading to a full vesting.

4.6 Remuneration and Financial Performance

A Change in Remuneration 2014-2015

Highest paid executive	3.3%
Average other executives	-3.9%
Highest paid non-executive	-63.9%
Average other non-executives	-66.9%

B Change in Financial Performance 2014-2015

Sales	-1.5%
Operating income	6.3%
Net income	4.9%
Total shareholder return	25.7%

4.7 Share and Option Holdings

A Members of the Executive Management

Name	Function	31.12.2015 Shares	31.12.2015 Options	31.12.2014 Shares	31.12.2014 Options
J. Jenisch	CEO	1'350	0	1'400	0
Total other executives	–	4'855	0	4'905	0
Total		6'205	0	6'305	0

B Board Members (Outside Executive Management)

Name	Function	31.12.2015 Shares	31.12.2015 Options	31.12.2014 Shares	31.12.2014 Options
P. Hälg	Ch	577	0	490	0
J. Tinggren	VCh	99	0	84	0
U. Burkard	Mbr	67	0	770	0
W. Leimer	Mbr	67	0	52	0
M. Ribar	Mbr	89	0	74	0
D. Sauter	Mbr	2'067	0	2'052	0
U. Suter	Mbr	67	0	52	0
C. Tobler	Mbr	267	0	252	0
F. van Dijk	Mbr	92	0	102	0
Total		3'392	0	3'928	0

Comments

The shareholdings of Mr. Burkard do not include the shares held by Schenker-Winkler Holding.

5. Remuneration Requested

Executive Management

Item	Component	Type	Amount requested (CHF)	Nb. of pers. (FTE)	Modality
5.4	Fixed remuneration	Cash	8'400'000	9.0	Prospective
5.4	Short-term variable remuneration	Cash, shares	6'000'000	9.0	Prospective
5.4	Long-term variable remuneration	Shares	3'600'000	9.0	Prospective

Total remuneration requested for the executive management: 18'000'000

Board of Directors

Item	Component	Type	Amount requested (CHF)	Nb. of pers. (FTE)	Modality
5.1	Fixed fees	Cash	1'930'000	9.0	Retrospective
5.1	Fixed fees	Shares	725'000	9.0	Retrospective
5.1	Social security contributions	Other	215'000	9.0	Retrospective
5.3	Fixed fees	Cash	2'030'000	9.0	Prospective
5.3	Fixed fees	Shares	750'000	9.0	Prospective
5.3	Social security contributions	Other	220'000	9.0	Prospective

Total remuneration requested for the board of directors: 5'870'000

6. Board of Directors

Composition after the General Meeting of 12 April 2016

Committee	Executive	Affiliated non-executive	Independent non-executive	Total
Board of Directors	0	7	3	10
Audit committee	0	2	1	3
Nomination and remuneration committee	0	2	1	3

Election procedure for directors	Individual
Mandate duration	1 year
Mandatory age limit	70 years
Single signature	No
Number of board meetings during the past year	21
Number of audit committee meetings during the past year	4
Number of nomination and remuneration committee meetings during the past year	5 (93% attendance)
Attendance rate at board meetings not disclosed	

Upon reaching the age of 70, directors generally resign. Prof. Ulrich Suter reached the age of 70 in 2014.

The board includes 1 woman.

NB: Prof. Dr. iur. Jacques Bischoff (new nominee proposed by Schenker-Winkler Holding, SWH) is included in the above table). Therefore, the 7 affiliated directors include the following board members:

- 4 directors with links to SWH (current or at the time of the transaction): Mr. Urs F. Burkard, Dr. oec. Willi K. Leimer, Mr. Jürgen Tinggren, and Prof. Dr. iur. Jacques Bischoff

- 3 directors who are considered affiliated due to their long tenure at Sika, but are not linked to SWH: Mr. Daniel J. Sauter, Prof. Dr. sc. techn. Ulrich W. Suter, and Mr. Christoph Tobler.

Dr. sc. techn. Paul J. Hälg

Independent Chairman Up for Re-election

Nationality Swiss
 Age 62
 Director since / term ends 2009 / 2017
 Committee memberships none
 Main activity – Dätwyler (listed), Switzerland - CEO
 Other relevant mandates – Wohlfahrtsfonds der Dätwyler Holding AG, Switzerland - Chairman
 – Wohlfahrtsstiftung der Sika, Switzerland - Chairman
 – Swissmem, Switzerland - Member
 Comments Executive Vice President of Forbo (2001-2004).
 Various positions at Gurit-Essex (1987-2001), ultimately as CEO.

Jürgen Tinggren

Affiliated Vice Chairman Up for Re-election

Nationality Swedish
 Age 58
 Director since / term ends 2014 / 2017
 Committee memberships none
 Affiliation – Miscellaneous
 Board member of Schenker-Winkler Holding until 9 December 2014.
 Main activity none
 Directorships – Tyco International (listed), Ireland - Member
 Other relevant mandates – The Conference Board, USA - Member
 Comments Several positions at Schindler (1997-2016):
 - Executive board member (2013-2016).
 - CEO (2011-2013).
 - President of the Group Executive Committee (2007-2011).
 - Deputy President of the Group Executive Committee, responsible for Technology and Strategic Procurement (2005-2007).
 - Member of the Group Executive Committee, responsible for Asia/Pacific (1999-2005).
 - Member of the Group Executive Committee, responsible for Europe (1997-1999).
 Various positions at Sika (1985-1997), ultimately as member of the management committee with responsibility for North America.

Prof. Dr. iur. Jacques Bischoff		New Nominee
Affiliated	Member	
Nationality	Swiss	
Age	61	
Director since / term ends	2016 / 2017	
Committee memberships	none	
Affiliation	<ul style="list-style-type: none"> – Important shareholder or its representative Board member of Schenker-Winkler Holding. 	
Main activity	– University of Applied Sciences in Business Administration Zurich (HWZ), Switzerland - Rector (until 21 December 2016)	
Directorships	<ul style="list-style-type: none"> – Schenker-Winkler Holding AG, Switzerland - Member – Billag AG, Switzerland - Member – Schützen Rheinfelden AG, Switzerland - Member – SGO Business School AG, Switzerland - Member 	
Other relevant mandates	<ul style="list-style-type: none"> – Institut der Schweizer Immobilienwirtschaft, Switzerland - Member – Zürcher Stiftung für das Hören, Switzerland - Member 	
Comments	Former CEO of Telekurs Multipay. 20 years as a lecturer at various Swiss universities and tertiary institutions.	

Urs F. Burkard		Up for Re-election
Affiliated	Member	
Nationality	Swiss	
Age	59	
Director since / term ends	1990 / 2017	
Committee memberships	– Nomination and remuneration committee	
Affiliation	<ul style="list-style-type: none"> – Important shareholder or its representative – Board membership exceeding time limit for independence Member of the founding family. Vice chairman of Schenker-Winkler Holding. 	
Main activity	– Büro Design Burkard GmbH, Switzerland - Managing director	
Directorships	<ul style="list-style-type: none"> – Unitrend Burkard AG, Switzerland - Chairman – Schenker-Winkler Holding, Switzerland - Vice chairman and co-owner – Pynogin AG, Switzerland - Member and co-owner – Gazet Holding AG, Switzerland - Member 	

Dr. oec. Willi K. Leimer

Affiliated	Member	Up for Re-election
Nationality	Swiss	
Age	58	
Director since / term ends	2010 / 2017	
Committee memberships	– Audit committee	
Affiliation	– Miscellaneous	
Main activity	Chairman of Schenker-Winkler Holding until 9 December 2014. – WMPartners Wealth Management AG, Switzerland - Partner and board member	
Directorships	– ISPartners Investment Solutions AG, Switzerland - Chairman and co-owner – Mojo Capital, Luxembourg - Chairman – Canica Holding AG, Switzerland - Member – Helvetica Capital AG, Switzerland - Member	
Comments	Managing director of Private Wealth Management at Bank Morgan Stanley, Zurich (1990-2002).	

Monika Ribar

Independent	Member	Up for Re-election
Nationality	Swiss	
Age	57	
Director since / term ends	2011 / 2017	
Committee memberships	– Audit committee, Chairman	
Main activity	– ribar partners GmbH (consulting firm), Switzerland - Managing partner	
Directorships	– Lufthansa (listed), Germany - Member – Rexel (listed), France - Member – Swiss Federal Railways (SBB-CFF-FFS), Switzerland - Vice Chairman – Chain IQ Group AG, Switzerland - Member – Capoinvest Ltd. - Member	
Comments	Several positions at Panalpina (1991-2013), including: - CEO (2006-2013). - CFO (2005-2006). - Chief Information Officer (2000-2005). - Corporate Controller (1991-2000).	

Daniel J. Sauter

Affiliated Member Up for Re-election

Nationality Swiss
 Age 59
 Director since / term ends 2000 / 2017
 Committee memberships – Nomination and remuneration committee
 Affiliation – Board membership exceeding time limit for independence
 Main activity none
 Directorships – Julius Bär (listed), Switzerland - Chairman
 – Trinsic AG, Switzerland - Chairman and co-owner
 – Hadimec AG, Switzerland - Chairman
 – Tabulum AG, Switzerland - Chairman
 Comments Chairman of the board of directors of Alpine Select AG (2001-2012).
 CEO and Delegate of the board of Xstrata AG (1994-2001).
 CFO and Senior Partner of Glencore International AG (1983-1998).

Prof. Dr. sc. techn. Ulrich W. Suter

Affiliated Member Up for Re-election

Nationality Swiss
 Age 72
 Director since / term ends 2003 / 2017
 Committee memberships none
 Affiliation – Board membership exceeding time limit for independence
 Main activity none
 Directorships – Wicor Holding AG, Switzerland - Chairman
 – Rainbow Photonics AG, Switzerland - Member
 Other relevant mandates – Stiftung Bibliothek Werner Oechslin, Switzerland - Chairman
 – Swisscontact, Switzerland - Member
 – Pensionskasse der Weidmann Unternehmen, Switzerland - Member
 – Swiss National Science Foundation, Switzerland - Member
 Comments Consultant to the Head National Research Foundation (Singapore).
 Professor at ETH Zurich (Swiss Federal Institute of Technology), Department of Material Science (1988-2008).
 Professor at MIT, Department of Chemical Engineering (1982-1989).

Christoph Tobler
 Affiliated Member Up for Re-election

Nationality	Swiss
Age	59
Director since / term ends	2005 / 2017
Committee memberships	– Audit committee
Affiliation	– Miscellaneous
	Linked to the company since 1998.
Main activity	– Sefar Holding AG, Switzerland - CEO and board member
Directorships	– AG Cilander, Switzerland - Chairman – Viscosistadt AG, Switzerland - Member
Other relevant mandates	– Wohlfahrtsfonds Sefar AG, Switzerland - Vice Chairman – economiesuisse, Switzerland - Member – Swiss National Bank (SNB), Switzerland - Member, Regional advisory board
Comments	Head of Sika's Industry Division (1998-2004).

Frits van Dijk
 Independent Member Up for Re-election

Nationality	Dutch
Age	69
Director since / term ends	2012 / 2017
Committee memberships	– Nomination and remuneration committee, Chairman
Main activity	none
Directorships	– Nestlé Malaysia Berhad - Member
Comments	Career at Nestlé (1970-2011), ultimately member of the executive management responsible for Asia, Oceania, Africa & Middle East (2000-2011).

7. Glossaire

English	Deutsch	Français
A		
Activities	Aktivitäten	Activités
Affiliated	Affiliert	Affilié
AGM (Annual General Meeting)	Ordentliche Generalversammlung	Assemblée générale ordinaire
Annual bonus	Jahresbonus	Bonus annuel
Attendance rate	Teilnahmequote	Taux de présence
Audit committee	Prüfungsausschuss	Comité d'audit
Audit fees	Honorare für Revisionsdienstleistungen	Honoraires de révision
Audit-related fees	Honorare für revisionsnahe Dienstleistungen	Honoraires pour les services liés à la révision
Autorised capital	Genehmigtes Kapital	Capital autorisé
Average	Mittelwert	Moyenne
B		
Base salary	Grundgehalt	Salaire de base
Bearer share	Inhaberaktie	Action au porteur
Board meeting	Verwaltungsratssitzung	Séance du conseil d'administration
Board members	Verwaltungsratsmitglieder	Membres du conseil d'administration
Board of directors	Verwaltungsrat	Conseil d'administration
Breakdown	Detaillierte Offenlegung	Répartition détaillée
C		
Capital	Kapital	Capital
Capital contribution reserves	Reserven aus Kapitaleinlagen	Réserves issues d'apports en capital
CEO (Chief Executive Officer)	Geschäftsleiter	Président de la direction générale
Chairman	Verwaltungsratspräsident	Président du conseil d'administration
Chairman's committee	Ausschuss des Verwaltungsratspräsidenten	Comité du président du conseil d'administration
Comments	Kommentare	Commentaires
Committee meeting	Ausschusssitzung	Séance du comité
Conditional capital	Bedingtes Kapital	Capital conditionnel
Corporate governance committee	Ausschuss für Corporate Governance	Comité de gouvernance d'entreprise
D		
Dividend	Dividende	Dividende
Dividend rights certificates	Partizipationsscheine	Bons de participation
E		
Earnings per share	Gewinn pro Aktie	Bénéfice par action

English	Deutsch	Français
E		
EGM (Extraordinary General Meeting)	Ausserordentliche Generalversammlung	Assemblée générale extraordinaire
Election	Neuwahl	Election
Election procedure for directors	Wahlverfahren für Verwaltungsräte	Procédure d'élection des administrateurs
Employees	Personalbestand	Employés
Executive management	Geschäftsleitung	Direction générale
External auditor	Externe Revisionsstelle	Auditeur externe
F		
Fair value	Beizulegender Zeitwert	Juste valeur
Fees	Gebühren	Honoraires
Financial performance	Finanzergebnis	Performance financière
Financial reporting	Finanzberichterstattung	Information financière
Financials	Finanzergebnis	Données financières
G		
General information	Allgemeine Informationen	Informations générales
Global remuneration figures	Allgemeine Vergütungsangaben	Rémunérations agrégées
H		
Headquarters	Hauptsitz	Siège social
Highest paid executive	Höchstbezahltes Mitglied der Konzernleitung	Membre le mieux rémunéré de la direction générale
I		
Important shareholders	Bedeutende Aktionäre	Actionnaires importants
Independent	Unabhängig	Indépendant
Individual remuneration figures	Individuelle Vergütungsangaben	Rémunérations individuelles
Internal Control	Internes Kontrollsystem	Contrôle interne
K		
Key figures	Kennzahlen	Chiffres clés
L		
Listing	Kotierung	Cotation
LTIP (Long-term incentive plan)	Langfristige Beteiligungspläne	Plan de participation à long terme
M		
Mandate duration	Mandatsdauer	Durée du mandat
Mandatory age limit	Obligatorische Altersgrenze	Limite d'âge statutaire
Market capitalisation	Marktkapitalisierung	Capitalisation boursière
Market value	Marktwert	Valeur boursière
N		
NA (Not available)	Nicht verfügbar	Pas disponible
ND (Not disclosed)	Nicht offengelegt	Pas publié
Net income	Reingewinn	Bénéfice net

English	Deutsch	Français
N		
Net revenues	Nettoerträge	Revenus nets
New nominee	Neuer Kandidat / Neue Kandidatin	Nouveau candidat
Nomination and remuneration committee	Nominations- und Vergütungsausschuss	Comité de nomination et de rémunération
Nomination committee	Nominationsausschuss	Comité de nomination
Non-audit fees	Honorare für nicht revisionsbezogene Dienstleistungen	Honoraires non liés à la révision
Non-voting equity securities	Genussscheine	Bons de jouissance
Notice period	Kündigungsfrist	Délai de préavis
NR (Not relevant)	Irrelevant	Pas pertinent
O		
Operating income	Betriebsergebnis	Résultat d'exploitation
Operating margin	Operative Marge	Marge opérationnelle
P		
Payout ratio	Gewinnausschüttungsquote	Taux de distribution du bénéfice
Peer group	Vergleichsgruppe	Groupe de référence
Pensions	Altersvorsorge	Contributions de retraite
Performance criteria	Leistungskriterien	Critères de performance
R		
Re-election	Wiederwahl	Réélection
Registered share	Namensaktie	Action nominative
Remuneration	Vergütung	Rémunération
Remuneration committee	Vergütungsausschuss	Comité de rémunération
Reporting standard	Rechnungslegungsstandard	Norme comptable
Restriction on registration of shares or voting rights	Beschränkungen der Übertragbarkeit der Aktien und des Stimmrechts	Restrictions relatives à l'inscription des actions ou aux droits de vote
Return on equity	Eigenkapitalrendite	Rendement des capitaux propres
Risk committee	Risiko-Ausschuss	Comité des risques
S		
Share and option holdings	Aktien- und Optionenbesitz	Détention d'actions et d'options
Share capital	Aktienkapital	Capital-actions
Shareholder resolution	Aktionärsantrag	Résolution d'actionnaire
Shareholders' equity	Eigenkapital	Capitaux propres
Short-term incentives	Kurzfristige variable Vergütung	Rémunération à court-terme
Stock ownership requirements	Aktienbesitz Anforderungen	Exigences en matière de détention d'actions
Strategy committee	Strategie-Ausschuss	Comité de stratégie
Structure	Struktur	Structure
Sustainability committee	Ausschuss für Nachhaltigkeit	Comité de développement durable

English	Deutsch	Français
T		
Total revenues	Betriebsertrag	Revenus totaux
Total shareholder return	Gesamte Aktienrendite	Rentabilité de l'action
U		
Up for re-election	Zur Wiederwahl	A réélection
Y		
Year end	Jahresende	Fin de l'année

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About Ethos

The Ethos Foundation aims at promoting socially responsible investment as well as a stable and prosperous socio-economic environment. Ethos is composed of more than 210 Swiss pension funds and other tax-exempt institutions. Its subsidiary Ethos Services is an acknowledged provider of consulting services comprising socially responsible investment (SRI) funds, shareholder meeting analyses and an investor engagement and dialogue programme.

For further information: www.ethosfund.ch.

Frequently used abbreviations

AGM	Annual General Meeting
EGM	Extraordinary General Meeting
NA	Not available
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
OE	Other Executive Function
Ex-	Former



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