



SIKA AUSTRALIA MODERN SLAVERY STATEMENT 2020

BUILDING TRUST





CUSTOMER SAFETY IS OUR MISSION

At Sika we work closely with the automotive industry and provide solutions for producing more comfortable, safer and quieter cars. Today's vehicles are reinforced by the combination of bonding technology with the use of high-strength steel and other materials. Using adhesive technology to create additional body stiffening has become standard practice with the bonded windscreen; today, automotive engineers are using bonding solutions as an essential component for improving body stiffness and behaviour in car accidents. Adhesive systems from Sika combine ease-of-use and reliability, and ensure that a repaired vehicle meets the same standards as a new one. This really makes the difference and guarantees the highest safety standards for every one of your repair jobs.

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Introduction

Sika Australia Pty Ltd (Sika Australia) Modern Slavery Statement outlines our approach to identifying, addressing and minimising the risk of modern slavery in our business and supply chains. Sika Australia is committed to operating responsibly and adhering to high ethical and social standards.

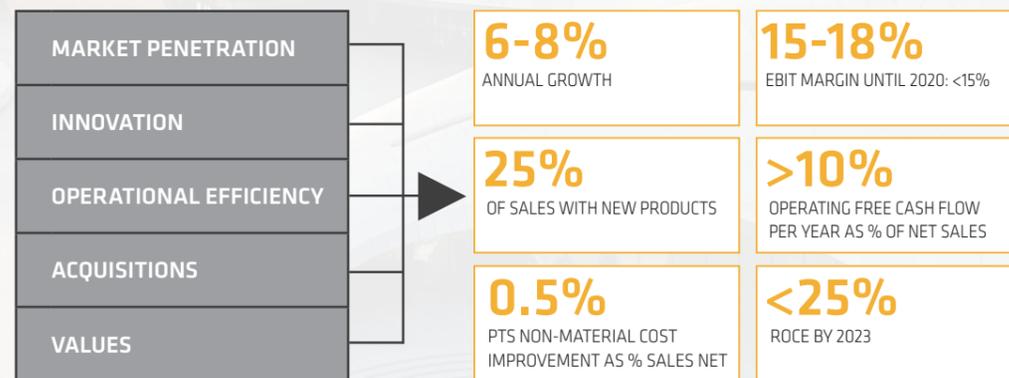
We reject any activities which may cause or contribute to modern slavery, including but not limited to forced or bonded labour, child labour, human trafficking, slavery, servitude, forced marriage or deceptive recruiting for labour or services.

We are committed to pioneering sustainable solutions to address global challenges, and to achieve this safely at the lowest impact on resources. Creating and increasing value while reducing adverse impacts - that is the goal.

The global Sika group (Sika Group) 'Strategy 2023' fully integrates sustainability into all our business processes, and we strive to create value for our customers and partners along the whole supply chain and throughout the lifespan of our products. The value created far outweighs the impacts associated with production, distribution, and use.

SIKA GROWTH STRATEGY 2023 THE PILLARS OF THE STRATEGY

SUSTAINABILITY



12% CO2 EMISSION REDUCTION PER TON SOLD

The future success of Sika Group is not only dependent on pursuing the right strategy but is just as much based on the trust and dedication of all employees. The Sika Group journey to global leadership is founded on the company's entrepreneurial philosophy and the 'Sika Spirit'.

The Sika Spirit is a synonym of the strong set of values and principles which makes up the DNA of the company. Five management principles express the corporate culture and are the foundation of future success: **Customer First, Courage for Innovation, Sustainability and Integrity, Empowerment and Respect, Manage for Results.**



Our values can be summarized as follows:

- We respect universal human and workers' rights.
- We act in accordance with fundamental environmental, health and safety standards.
- We promote sustainable development and corporate responsibility.
- Sika Group expects its suppliers to embrace the same set of values, and to enforce them in their own supply chain network. Therefore, we carefully evaluate our suppliers and approve them only after they have gone through a screening and qualification process.
- The Supplier Code of Conduct defines our expectations and provides our suppliers with the guidelines regarding requirements to be met when supplying goods or services to Sika Group anywhere in the world.
- We extend our commitment to responsible sourcing by helping suppliers improve their sustainability track record.

This statement was approved by the Sika Australia Board on 30 November 2021, in its capacity as principal governing body of Sika Australia, and signed by Adam Sharp in his role as the Managing Director of Sika Australia, on 30 November 2021.

Our Modern Slavery Statement

Sika Australia's Modern Slavery Statement reflects where we stand on identifying and managing modern slavery risks in our business operations and supply chain. As part of the global Sika Group, Sika Australia has demonstrated its firm and continuous commitment to normative frameworks promoting fundamental human and labour rights, such as the UN Global Compact and the Global Reporting Initiative (GRI) Standards.

This statement made under the Modern Slavery Act 2018 (Cth) details our commitment, approach, progress, and actions to assess and address modern slavery risks in our first reporting period. We strongly believe there is no place for human trafficking and modern slavery in our world. To further manage the risks of modern slavery in our business and supply chain we acknowledge there is more work to be done including continued due diligence.

Structure, Operations and Supply Chain

Sika Australia Structure

We are one of 101 subsidiaries, operating in various countries, that make up the Sika Group. Sika Group employs around 25,000 employees globally. In 2020, Sika Group generated annual sales of CHF 7.9 billion, and in 2019 won the Swiss Technology Award for an innovative new adhesive technology.

Our Head Office is based in Wetherill Park, New South Wales with sales offices and manufacturing sites across Australia, as detailed below.

| OUR SITES | | |
|-----------|------------------------------|--|
| NSW | Head Office & Manufacturing | 55 Elizabeth Street Wetherill Park NSW 2164 |
| | Sales Office | 122 Newton Road Wetherill Park NSW 2164 |
| | Manufacturing Site | 67 Elizabeth Street Wetherill Park NSW 2164 |
| QLD | Sales Office & Manufacturing | 30 Parker Court Pinkenba QLD 4008 |
| | Manufacturing Site | 6 Mackie Way Brendale QLD 4500 |
| VIC | Sales Office & Manufacturing | 33 Fiveways Boulevard Keysborough VIC 3173 |
| | Manufacturing Site | 71-75 Licola Crescent Dandenong South VIC 3175 |
| SA | Sales Office | 28 Kenworth Road Gepps Cross SA 5094 |
| | Manufacturing Site | 1-2/28 Maxwell Road Para Hills West SA 5096 |
| WA | Sales & Manufacturing | 61 Bushland Ridge Bibra Lake WA 6163 |

We have over 300 employees who work in our production, warehouse sites, and offices including support functions in Finance, Human Resources, Quality, Environmental Health and Safety, IT, Technology, Procurement, Supply Chain and Sales.

Our direct employees are engaged either by contract, EBA or award agreements. Sika Australia also engages temporary workers through recruitment and labour hire companies. The number of temporary workers varies depending on the seasonality of the business. The work performed by this part of the workforce is mainly manufacturing, warehousing and logistics. In FY2020, workers employed through employment agencies accounted for 40% of total factory and warehouse cost.

Sika Australia owns the following companies, which are not reporting entities and have had no activities undertaken during the reporting period:

- Construction Technology Australia Pty Ltd (dormant company)
- Parex Group Pty Ltd (undergoing liquidation)
- Dry Mix Solutions Australia Pty Ltd (undergoing liquidation)

The Directors of Sika Australia are also on the board of these companies and all the companies are under the same management. Parex Group Pty Ltd and Dry Mix Solutions Australia Pty Ltd are in the process of being liquidated.

Sika Australia Operations

We are a speciality chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protecting in the building sector and motor vehicle industry.

Our operations have two elements – manufacturing and import for distribution.

Cementitious adhesives, structural mortars, concrete admixtures, polypropylene fibres, liquid applied membranes and epoxy resins are manufactured in our industrial facilities located throughout Australia.

Elastomeric sealants, structural waterproofing and other construction adhesive product ranges are imported by Sika Australia from other Sika Group companies' extensive network of global facilities and then sold (as trading goods) by Sika Australia to Sika Australia's customers. The split between manufacturing and distribution is 53% and 47% respectively. These products are sourced by Sika Group from Switzerland, Germany, France, UK, China, Vietnam, Indonesia, Japan and the USA.

Our leading technologies service the requirements of Residential and Commercial Building, Mining, Automotive, Industrial Manufacturing and Infrastructure projects in Australia and around the world.

Our diverse customer base includes local construction craftspersons, larger construction companies and large multinationals including cement companies, as well as automotive, transportation and appliance manufacturing companies.

Sika Australia is active in the following target markets:

- Concrete
- Waterproofing
- Roofing
- Flooring
- Refurbishment
- Sealing and Bonding
- Building Finishing and Industry

Concrete

In concrete we develop, manufacture and market a complete range of admixtures and additives for use in concrete, cement and mortar production. These products enhance specific properties of the fresh and hardened concrete, such as workability, watertightness, durability, or early and final strength. Manufacturing is predominantly in Australia and we sell to the concrete and mining industries in Australia and Papua New Guinea.

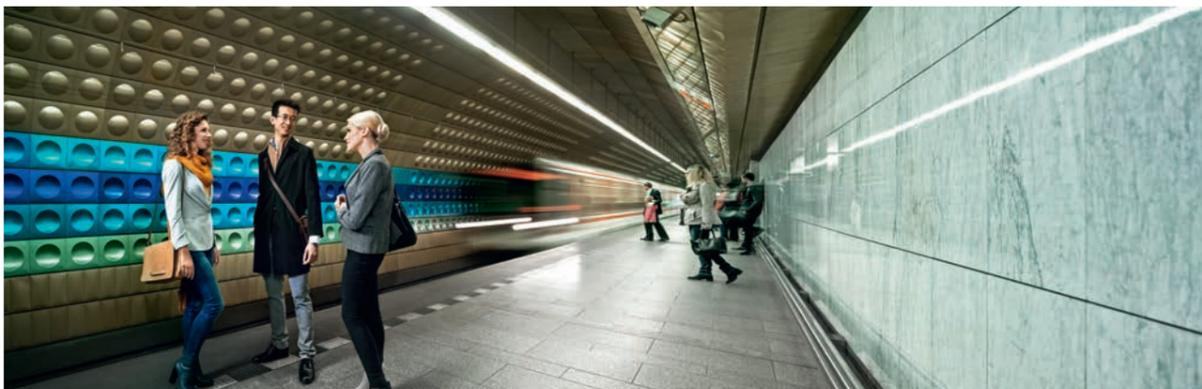
The demand for admixtures and additives is currently on the rise, particularly due to the increased performance requirements placed on concrete and mortar, especially in urban areas and for infrastructure construction.



Waterproofing

In the Waterproofing division we manufacture and import a full range of technologies used for below and aboveground waterproofing: flexible membrane systems, liquid applied membranes, waterproofing admixtures for mortars, joint sealants, waterproofing mortars, injection grouts and coatings. These products are both manufactured locally and imported from overseas.

Key market segments include basements, underground parking garages, tunnels and all types of water-retaining structures (for example reservoirs, storage basins, and storage tanks).



Roofing

We manufacture and import a full range of roofing systems, incorporating flexible waterproofing sheet membranes or liquid applied membranes, thermal insulation, and various accessories. These products are predominantly imported from other Sika Group entities, however we also manufacture a few products locally.



Flooring

Within this area we manufacture flooring solutions which are based on synthetic resin and cementitious systems for industrial and commercial buildings, for example pharmaceutical and food sector production plants, public buildings such as educational and healthcare facilities, parking decks and private residential properties.



Refurbishment

In refurbishment we provide systems to restore and rehabilitate concrete structures that have deteriorated due to corrosion, structural damage, water infiltration, freeze/thaw, reactive aggregates, and others. Sika Australia provides a full range of cement-based products, polymer-modified repair mortars and epoxy-based repair materials for different repair works and specific requirements. These products are predominantly manufactured by Sika Australia however we also import from other Sika Group entities and other third-party suppliers.



Sealing & Bonding

This segment provides a wide range of high-performance and durable sealants, spray and performed foams, and rigid and elastic adhesives for the building envelope, for interior finishing and for infrastructure construction. Typical applications include the sealing of movement joints between facade elements to make buildings weatherproof, the bonding of wood floors to reduce noise or the sealing of joints in airport aprons. These products are mostly imported from other Sika Group entities and other third-party suppliers.



Building Finishing

We develop and manufacture specialty solutions for tile installation and facade protection and decoration. Products range from individual housing and building projects to industrial infrastructure. Tile installation materials comprise of primers, waterproofing membranes, adhesives, grouts, and sealants for both new build and renovation projects. Facade protection and decoration services the requirements of architectural projects by providing cement and lime plasters to textured and aggregated finishes and coatings for residential and commercial low and high-rise projects.



Industry

The markets served by Sika include automobile and commercial vehicle assembly (structural bonding, direct glazing, acoustic systems, reinforcing systems), automotive aftermarket (auto glass replacement, car body repair), marine vessels, industrial lamination, appliances, renewable energies (solar and wind), and facade engineering (structural glazing, sealing of insulating glass units).





Research and Development

Our Research and Development (R&D) team develop adhesive and construction chemical products to support the requirements of our customers. Our R&D team:

- research new technologies;
- develop products to meet the needs of the market and our customers; and
- work to continuously improve the application, mechanical and cost performance of our products.

Sika Australia's Supply Chain

We have a large vendor base and procure a range of goods and services both domestically and internationally.

In 2020, Sika Australia engaged more than 1200 vendors, including Sika Group entities (8% of total vendors) and suppliers outside the Sika Group (Australian based and international) that Sika Australia procures from (92% of total vendors). These vendors can be categorised into 4 groups: raw materials, packaging, trading goods and services.

Raw materials, packaging and trading goods suppliers are referred to as 'Material Suppliers' and services suppliers as 'Services Suppliers' in the diagram below, which shows the percentage of total procurement spend by Sika Australia in 2020.

Sika Australia 2020 Spend %



Raw Materials, Packaging and Trading Goods Suppliers

There were 401 suppliers (including Sika Group entities) and these accounted for 46% of Sika Australia's total procurement spend in 2020.

The categories of spend is set out in the table :

| CATEGORY | % SPEND | NO. OF SUPPLIER |
|----------------------------|---------|-----------------|
| Sika Intercompany Purchase | >30% | <50 |
| Cementitious systems | 10-30% | >50 |
| Concrete Materials | 10-30% | >50 |
| Adhesive Systems | 10-30% | >50 |
| Coatings & Resins | <10% | >50 |
| Packaging | <10% | <50 |
| Thermoplastics | <10% | <50 |
| | 100.0% | Approx. 400 |

Raw materials, packaging and trading goods are sourced both from Sika Group entities and from other suppliers outside the Sika Group in the Asia/Pacific region (including China, Thailand, Japan, Korea and India), the USA and Europe (including Russia).

The top 6 spend categories account for 93.9% of the spend on raw materials, packaging and trading goods. The percentage of sourcing countries for the top 6 categories are set out in the table below:

| RAW MATERIAL, PACKAGING AND TRADING GOODS | | AUS | CHINA | INDIA | RUSSIA | THAI | EURO | US | JAPAN | KOREA |
|---|----------------------|-----|-------|-------|--------|------|------|----|-------|-------|
| TOP 6 CATEGORIES | Sika Intercompanies | | | | | | | | | |
| | Cementitious Systems | | | | | | | | | |
| | Concrete Materials | 63% | 10% | 1% | 1% | 1% | 20% | 2% | 1% | 1% |
| | Adhesive Systems | | | | | | | | | |
| | Coatings and Resins | | | | | | | | | |
| | Packaging | | | | | | | | | |

In addition to raw materials, packaging and trading goods procured by Sika Australia, Sika Australia procures (directly and indirectly) other goods for our broader business operations including:

- **Safety attire:** Personal protective equipment, including safety glasses, gloves, work boots, hard hats, and high visibility vests.
- **Office consumables:** Stationery and kitchen consumables.
- **Information and communications technology:** Computer hardware and software, printers, audio/visual equipment, desk phones and mobile phones.

The majority of these goods are procured directly from suppliers within Australia.

Services Suppliers

There were 976 suppliers and these accounted for 54% of Sika Australia's total procurement spend in 2020.

The top 5 categories of spend are:

- Machine development and planning
- Maintenance and repair services
- Pallets hire
- Waste disposal
- Storage

These top 5 categories account for 81% of the total spend on services. 98% of these top 5 categories of services are sourced from Australia with the remaining 2% of sourced from Global Slavery Index 2018 low and moderate risk countries including Turkey.

In addition to the services procured specifically for the manufacturing and supply of goods produced by Sika Australia, Sika Australia procures (directly and indirectly) other services for our broader business operations including:

- **Corporate/building services:** Office maintenance services, cleaning and security and our offices and manufacturing sites.
- **Professional services:** Tax, external legal counsel, insurance, and consulting.

The majority of these services are procured directly from service providers within Australia.



Risks of Modern Slavery Practices

Sika Australia undertook a desktop analysis of the risks of modern slavery in its business operations and supply chains for 2020.

Our analysis was undertaken using a risk assessment methodology which considers a number of indicators of modern slavery risks including:

- Geographic/country of origin
- Sector/industry
- Category of products and services

These risk factors are based on the risk indicators set out in the Commonwealth Guidance for reporting entities under the Modern Slavery Act and information published by the Walk Free Foundation (Global Slavery Index 2018), the International Labour Organization (Global Estimates of Modern Slavery: Forced Labour and Forced Marriage 2017) and the Australian Council of Superannuation Investors (Modern Slavery Risks, Rights & Responsibilities Report 2019).

Our risk assessment has identified that Sika Australia's operations and supply chains:

- In Australia we source some goods and materials from countries considered moderate risk, including China and Russia;
- we procure certain goods and services which may be considered higher risk because of the way the product or service is produced or provided, for example manufacturing;
- however, our industry is not considered a high-risk industry because it relies primarily on highly skilled labour to produce the more technical products and materials;
- many of our products and services are primarily sourced from Australia, which is not considered to be a high-risk geography for modern slavery,

therefore, there is a low risk of Sika Australia causing modern slavery as we mainly operate in and procure from Australia, however we recognise there is some risk of Sika Australia contributing to modern slavery risks through the procurement of some goods from high-risk zones.

Our risk profile and assessment is summarised in the table below.

| RISK FACTOR | ASSESSMENT OF RISK | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|-----------|-----------|-----------|----------|----------|----------|----------|-------|-------|---------------------|--|--|--|--|--|--|--|--|--|----------------------|--|--|--|--|--|--|--|--|--|--------------------|--|--|--|--|--|--|--|--|--|------------------|-----|-----|----|----|----|-----|----|----|----|---------------------|--|--|--|--|--|--|--|--|--|-----------|--|--|--|--|--|--|--|--|--|----------------------------------|----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|
| Geographic/ country of origin risk | <p>Risk of contributing to modern slavery</p> <p>We understand that particular countries and regions may have a higher prevalence of modern slavery due to poor governance, compromised rule of law, conflict-affected zones, large migrant populations and poverty.</p> <p>The Global Slavery Index 2018 identifies that the Asia-Pacific region is considered to be a high-risk geography for modern slavery. The Global Slavery Index 2018 also identifies that within the 10 countries with the largest estimated numbers of people in modern slavery, accounting for 60% of people living in modern slavery, are China and Russia.</p> <p>The top 6 spend categories with the percentage of sourcing countries and their Global Slavery Index 2018 rating are set out in the table below:</p> <table border="1"> <thead> <tr> <th>RAW MATERIAL, PACKAGING AND TRADING GOODS</th> <th>AUS</th> <th>CHINA</th> <th>INDIA</th> <th>RUSSIA</th> <th>THAI</th> <th>EURO</th> <th>US</th> <th>JAPAN</th> <th>KOREA</th> </tr> </thead> <tbody> <tr> <td>Sika Intercompanies</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cementitious Systems</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Concrete Materials</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Adhesive Systems</td> <td>63%</td> <td>10%</td> <td>1%</td> <td>1%</td> <td>1%</td> <td>20%</td> <td>2%</td> <td>1%</td> <td>1%</td> </tr> <tr> <td>Coatings and Resins</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Packaging</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Global Slavery Index 2018 rating</td> <td>Low Risk</td> <td>Mod. Risk</td> <td>Mod. Risk</td> <td>Mod. Risk</td> <td>Mod. Risk</td> <td>Low Risk</td> <td>Low Risk</td> <td>Low Risk</td> <td>Low Risk</td> </tr> </tbody> </table> <p>We procure a small percentage of materials from China, India, Russia and Thailand. We acknowledge that this may present a moderate potential for modern slavery risks.</p> <p>However, this risk is mitigated by the robust frameworks Sika Australia has in place, including the supplier engagement policies including the Supplier Code of Conduct (as detailed further below).</p> <p>Also, a large proportion of our materials and services are procured locally in Australia which is not considered a high-risk country.</p> | RAW MATERIAL, PACKAGING AND TRADING GOODS | AUS | CHINA | INDIA | RUSSIA | THAI | EURO | US | JAPAN | KOREA | Sika Intercompanies | | | | | | | | | | Cementitious Systems | | | | | | | | | | Concrete Materials | | | | | | | | | | Adhesive Systems | 63% | 10% | 1% | 1% | 1% | 20% | 2% | 1% | 1% | Coatings and Resins | | | | | | | | | | Packaging | | | | | | | | | | Global Slavery Index 2018 rating | Low Risk | Mod. Risk | Mod. Risk | Mod. Risk | Mod. Risk | Low Risk | Low Risk | Low Risk | Low Risk |
| | RAW MATERIAL, PACKAGING AND TRADING GOODS | AUS | CHINA | INDIA | RUSSIA | THAI | EURO | US | JAPAN | KOREA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sika Intercompanies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cementitious Systems | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Concrete Materials | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adhesive Systems | 63% | 10% | 1% | 1% | 1% | 20% | 2% | 1% | 1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Coatings and Resins | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Packaging | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Global Slavery Index 2018 rating | Low Risk | Mod. Risk | Mod. Risk | Mod. Risk | Mod. Risk | Low Risk | Low Risk | Low Risk | Low Risk | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sector/ Industry | <p>Very low risk of contributing to modern slavery</p> <p>We understand manufacturing is considered a high-risk sector. The 2017 Global Estimates of Modern Slavery have shown forced labour exploitation does occur in the construction and manufacturing industries. Where other risk factors such as geography and product risks are also present, the risks are further heightened.</p> <p>Sika Australia is a specialist chemical manufacturing company and we consider that there is a lower risk in our sector because of the speciality products we manufacture and particularly because our manufacturing facilities are located in Australia.</p> <p>However, we acknowledge that some of our direct and indirect suppliers in the manufacturing industry may present a moderate risk of modern slavery particularly in relation to certain products such as cement and packaging and in relation to those facilities located in China and Russia.</p> <p>Further, a percentage (albeit a minority percentage) of our manufacturing work is undertaken by temporary workers engaged through Australian recruitment and labour hire companies. We understand that third party labour hire and recruitment can present a risk of modern slavery as these third parties may engage workers from vulnerable populations who are at risk of exploitative practices and we do not have direct oversight over the recruitment practices. However, Sika Australia considers the risk of modern slavery is low as the relevant employment and visa checks for these workers are undertaken through VEVO (Visa Entitlement Verification Online system).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| RISK FACTOR | ASSESSMENT OF RISK |
|-----------------------------|--|
| Product/ Service | <p>Risk of contributing to modern slavery</p> <p>We understand that certain products and services may have high modern slavery risks because of the way they are produced, provided or used.</p> <p>We have identified that certain raw materials and manufactured materials (specifically additives) we procure to make our products may present a moderate potential for modern slavery risks due to the countries from which they are sourced, including China and Russia, and because of the potential for use of forced labour in the manufacturing of particular products in the construction and manufacturing related industries, including cement and packaging.</p> <p>However, our procurement process allows us to have more visibility over our direct materials suppliers and the large proportion of the goods we procure are procured in Australia and these factors mitigate the potential modern slavery risks. Many of the raw materials and base products we procure for our chemical products require highly skilled and technical labour in the manufacturing process which presents a lower risk of modern slavery.</p> <p>We acknowledge that there may be modern slavery risks present in relation to products that we do not have direct oversight of from our indirect suppliers of some materials, including pallets, and some goods and materials used in our operations, including equipment components, office consumables and safety gear.</p> <p>We have identified the following potential high-risk areas in relation to the provision of services:</p> <ul style="list-style-type: none"> ■ Maintenance and repair services ■ Waste disposal ■ Cleaning <p>We understand these types of services may be provided by vulnerable workers including migrant workers or low skill workers, and by labour hire contractors and therefore there is greater risk of exploitative practices, including underpayment.</p> <p>Some of our warehousing and logistics services are undertaken by temporary workers engaged through Australian recruitment and labour hire companies. We understand there is a risk of modern slavery as these third parties may engage workers from vulnerable populations who are at risk of exploitative practices and we do not have direct oversight over the recruitment practices. However, Sika Australia considers the risk of modern slavery is low as the relevant employment and visa checks for these workers are undertaken through VEVO.</p> <p>We procure many of our services from established, local suppliers with whom we deal with on a regular basis which provides some mitigation of the potential risks of modern slavery. Risks relating to indirect suppliers are mitigated by measures including the Sika supplier self-assessment form and Supplier Code of Conduct declaration and internal audit processes, as detailed further below.</p> |
| | COVID-19 Risks |

Actions to Address Risks, Due Diligence and Remediation Process

The Sika Group has in place a number of global policies and procedures, described further below, which are implemented by Sika Australia and which, during the reporting period, have assisted us in undertaking due diligence and addressing potential for modern slavery risks in our business operations and supply chains.

Sika Australia is evaluating ways to gain further visibility into our risks by undertaking further assessments and reviews to identify, understand, assess and address them as part of our due diligence process.

Supplier Engagement and Code of Conduct

As part of our existing supplier onboarding process, all new and existing external suppliers must complete a Supplier Code of Conduct declaration. This code of conduct communicates our expectations of suppliers as a condition of business to support Sika Australia's commitment to responsible sourcing.

In 2020, 98% of Sika Australia's external suppliers have signed the Supplier Code of Conduct. The remaining 2% are suppliers who have requested Sika Australia to sign their own supplier code of conduct, which Sika Australia has done upon approval by the CFO or Managing Director.

In relation to the Sika Group entities which are our direct suppliers, Sika Australia relies on the implementation by those Sika Group entities of the Sika Group policies, including the Supplier Code of Conduct, with their suppliers (who are our indirect suppliers).

Sika Supplier Code of Conduct

Given Sika Australia's broad supplier base which include suppliers in some countries with moderate human rights violation risks and the sourcing from industries where labour rights potentially are at risk, Sika Australia actively promotes the respect of human and labour rights among its suppliers, by means of the Supplier Code of Conduct and periodic supplier audits and reviews.

By signing Sika's Supplier Code of Conduct, suppliers undertake to respect the provisions of the UNO's Universal Declaration of Human Rights and the core Conventions of the International Labour Organization regarding:

- Prohibition and elimination of modern slavery, human trafficking, child labour and forced labour
- Freedom of association and collective bargaining
- Promotion of equal opportunity and fair treatment in employment and occupation
- Safe and healthy working conditions
- Payment of living wages and regular employment entitlements
- Non-excessive working hours

Compliance with the set of human rights included in the Supplier Code of Conduct is one of the basic contract renewal requirements. Once the Supplier Code of Conduct is signed, they are kept with our Finance team. In rare circumstances where a supplier does not sign, Sika Australia requires a valid reason from the supplier and will escalate the matter to Corporate Accounts (Sika Switzerland) and Sika Australia Managing Director for determination, including whether to continue with engagement of the supplier.

Suppliers further undertake to put systems in place for the proper information, training, and auditing of their personnel and subcontractors to ensure compliance with these principles. Suppliers are required to inform Sika Australia of any identified violation of Sika's Supplier Code of Conduct and our Procurement team or General Manager will deal with any violation of the Supplier Code of Conduct.



Screening of New Suppliers

Based on the requirements set out in the Supplier Code of Conduct, Sika Australia requires its new suppliers to perform a self-assessment, which includes questions around human rights and social risks including whether:

- the supplier's supply, manufacturing or warehouse locations are situated in a politically or socially unstable areas;
- the supplier has a policy for business ethics, covering issues like discrimination, labour rights, fair compensation and corruption; and
- the supplier has policies around employment, including verification of workers' ages.

The results of the self-assessments help Corporate Procurement identify suppliers representing a potential corporate social responsibility (CSR) risk.

Suppliers representing a CSR risk are screened by Sika Australia personnel, using desktop research and performing targeted supplier audits.

Sika Australia at any point shall have the right to propose corrective actions to the supplier. If a supplier is found not to have met requirements, we may terminate its contract(s) with the supplier.

Sika Group Policies and Governance

Sika Group's management approach to the protection of fundamental human and labour rights is reflected in several internal policies and processes, as described further below.

As a signatory of the UN Global Compact, Sika Group promotes the protection of universally acknowledged human and labour rights. With operations in more than 100 countries, Sika Group is active in many regions ranking high on human rights risk indices. Sika Group takes seriously its responsibility to assess its own operations in relation to potential human rights violations, and to implement adequate measures to prevent any violation.

For this purpose, Sika Group in its Code of Conduct, Supplier Code of Conduct and the annual GRI Compliance Confirmation has defined minimum human and labour rights standards to be implemented globally, including the prohibition of forced, slave, compulsory or child labour, the freedom of association, the prohibition of any form of discrimination, and the guarantee of fair compensation and equal opportunities for all employees.

Procurement Manual

In alignment with our Strategy 2023, and with a strong focus on sustainable supply and efficiency improvement, our procurement team has reviewed our Procurement Manual and updated processes, tools and best demonstrated practices.

Our material risk assessment process has been reviewed and simplified. Supply risk management is a fundamental aspect of procurement activity. Understanding our vendors capability to supply, as well as the business impact of our materials, is key to defining our priorities related to single source reductions and other specific supply risk mitigation actions.

Sustainability is a core element of our growth strategy and procurement plays a key role making sure we select our vendors according to the highest standards related to environment, labour and human rights, ethics and sustainable procurement.

Sika Code of Conduct

Sika Group's Code of Conduct requires all employees to comply with applicable laws and regulations. The Code recognises that at all locations where Sika Group entities operate, forced, compulsory or child labour are strictly prohibited. For the reporting year, Sika Group has received no indication nor any report of human rights violations concerning its own entities, including Sika Australia.

Commitment to UN Global Compact and GRI Standards – GRI Compliance Confirmation

For nearly a decade now, Sika Group has demonstrated its firm and continuous commitment to frameworks promoting fundamental human and labour rights, such as the UN Global Compact and the GRI Standards.

The GRI Compliance Confirmation affirms that Sika Group:

- promotes equal opportunities and fair treatment in employment and occupation and prohibits any form of discrimination; and
- ensures the right of workers and employees to establish and join organizations of their own choosing without the need for prior authorization.

Sika Australia's local management team is obliged to ensure, supervise, and monitor the protection of human and labour rights at their entities and within their areas of responsibility. They are also responsible for taking preventive action and providing adequate training to their staff. The annual GRI Compliance Confirmation asks all Sika Group entities' General Managers to confirm that they have implemented and communicated the following human and labour rights principles to their staff:

- the prohibition of forced, slave, compulsory or child labour;
- the freedom of association (without need of prior approval) – unless prohibited by local laws;
- the right to fair compensation; and
- the non-discrimination and equal opportunity principle.

Internal Audits and Inspections

Through mechanisms such as audits and inspections, Sika Group also monitors the protection of human and labour rights among its Group companies. Sika Group's Corporate Compliance, in close cooperation with Corporate Legal and Internal Audit, runs periodic checks and audits to monitor implementation of Sika Group's human and labour rights standards and to implement improvement measures if deemed necessary.

These audits are generally conducted by Sika Group every 2 to 3 years and include verification of supplier selection according to the Procurement Manual (including compliance with the Supplier Code of Conduct).



Supplier Audits and Assessments

In February 2020, Sika Group joined "Together for Sustainability" (TfS), an industry-driven organization including all major chemicals companies. The goal of TfS is to develop and implement a global assessment and audit program for the supply chain of all members, with a particular focus on the implementation of human rights and environmental standards.

TfS greatly increases Sika Group's ability to ensure compliance by its suppliers with broadly accepted CSR norms, including fundamental human and labour rights. By the same token, Sika Group's organization and processes will be measured against the same norms. This, in turn, assists Sika Group to continuously improve its own CSR record and performance.

Raising concerns – Sika Trust Line

We are committed to a culture of corporate compliance and high ethical behaviour. Unlawful and unethical behaviour is not tolerated within Sika Australia and it is the responsibility of all staff to comply with all legal obligations. Sika Group is a proud proponent of a speak-up culture. Accordingly, employees reporting observed violations or misconduct in good faith are protected against any form of retaliation.

There are a number of channels that employees can use if they wish to raise any concerns. At first instance this involves speaking to their direct manager and if not appropriate speaking to the next level manager or to the Human Resources Department.

We encourage the reporting of disclosures based on suspected inappropriate, corrupt or illegal conduct or behaviour. The Sika Trust Line is an externally hosted web-based platform system managed by Sika's Group Compliance Officer, also allowing anonymous complaints. Sika Group's employees worldwide may report, in a safe and confidential environment, complaints and any related information regarding certain serious misconduct and/or breaches of Sika's Code of Conduct. The Sika Trust Line can be accessed by all employees. Sika Group supports and fosters a culture of zero tolerance to fraud, corruption, unfair competition, violation of universally recognized human rights and EHS (environment-health-safety) standards as well as other serious misconduct (harassment, sexual harassment, mobbing, bullying, etc.) in all of its business activities.

Alleged violations will be carefully investigated according to Sika Group's internal standards and procedures to ensure consistency throughout the organization and, if confirmed, will have disciplinary consequences for the personnel involved. Sika Group further stops all interaction with business partners who were found to violate Sika rules including the Supplier Code of Conduct.

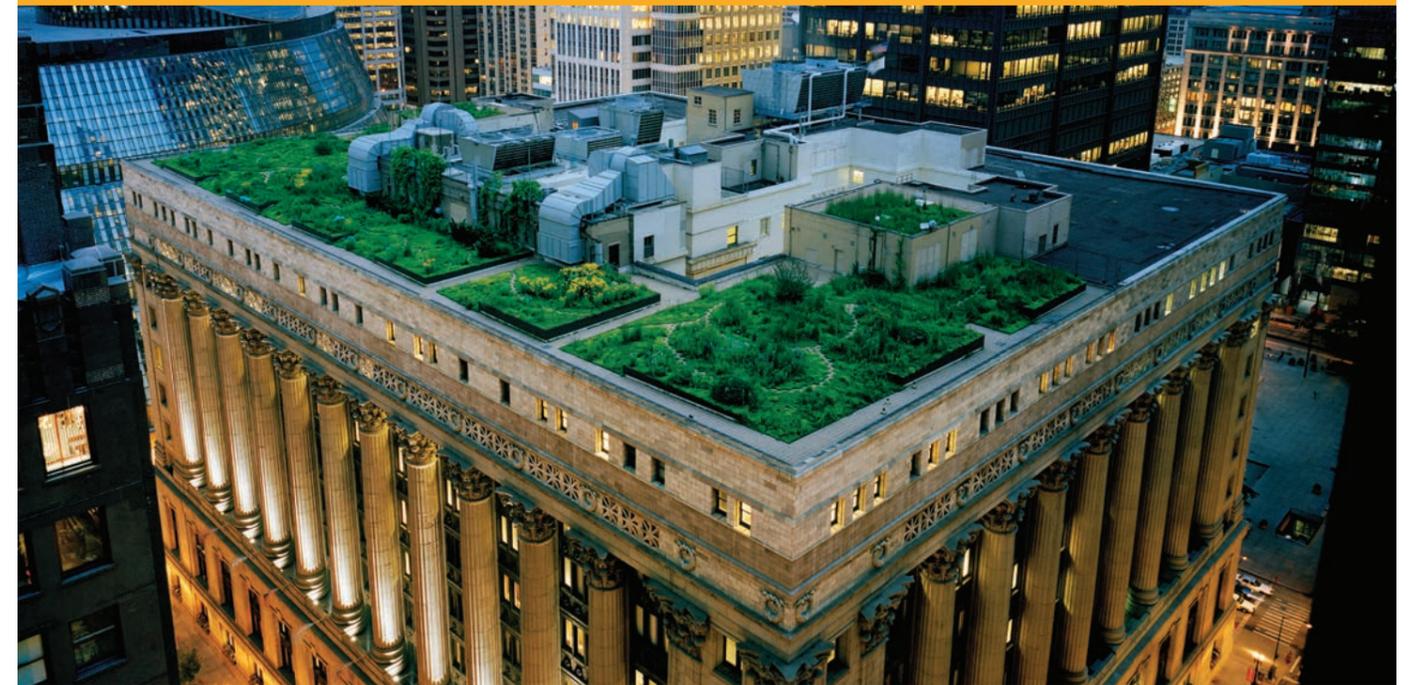
Measuring Effectiveness

Sika Australia acknowledges that we are still developing our understanding of modern slavery risks and how these can be assessed and addressed with targeted actions, in addition to the measures we already have in place, and this was the focus of this first reporting period. At this stage of the development of our understanding, we have not yet (other than as described in the previous section) been able to adequately assess the effectiveness of our current measures.

However, we are committed to implementing further actions to assess and address modern slavery risks and developing frameworks and processes to review the effectiveness of those actions, which we have described in the 'Future Commitments' section below.

Consultation

Prior to being put to the Board of Sika Australia for review and approval, this statement was reviewed by Sika Australia's Finance Manager, Procurement Manager, Operations Manager, Supply Chain Manager, Human Resources Manager and our Corporate Senior Compliance Manager.



Future Commitments

Sika Australia recognises that addressing modern slavery risks requires an ongoing commitment and one where we will continue to improve in the years ahead. In the next year our priorities are:

Policy Review

Continual review of our policy framework including the Code of Conduct, Supplier Code of Conduct, and Sika Trust Line and Whistleblower Policy for best practice.

Training and Awareness

Sika Australia will conduct training and awareness for those employees with roles relevant to the identification and management of modern slavery risks and executive / senior management team. These learnings include information on:

- What is Modern Slavery?
- How modern slavery can be present in business operations and supply chains.
- Understanding compliance and reporting obligations under the legislation.

Onboarding Supplier Self-Assessment Questionnaire

Developing supplier self-assessment questions to assess suppliers' policies and practices to identify, assess and mitigate modern slavery risks in their supply chains and operations. This is with the aim of incorporating into the existing supplier self-assessment process or a possible standalone questionnaire.

Risk-based targeted Supplier Audits

In close cooperation with Corporate Procurement and TfS, Sika Australia periodically shall mandate targeted audits with suppliers that – according to recognized risk assessment indices – are exposed to moderate or high ESG risks (including modern slavery).

Engage with labour hire agencies

Liaise with our labour hire agencies to better understand their practices to address modern slavery risks. As a starting point, we will share our current and future development practices with respect to addressing modern slavery risks. We will introduce a Sika Australia Modern Slavery Questionnaire to our labour hire agencies to ascertain their current and future practices with respect to addressing modern slavery risk.

In order to assess the effectiveness of these actions we propose to put the following KPIs in place:

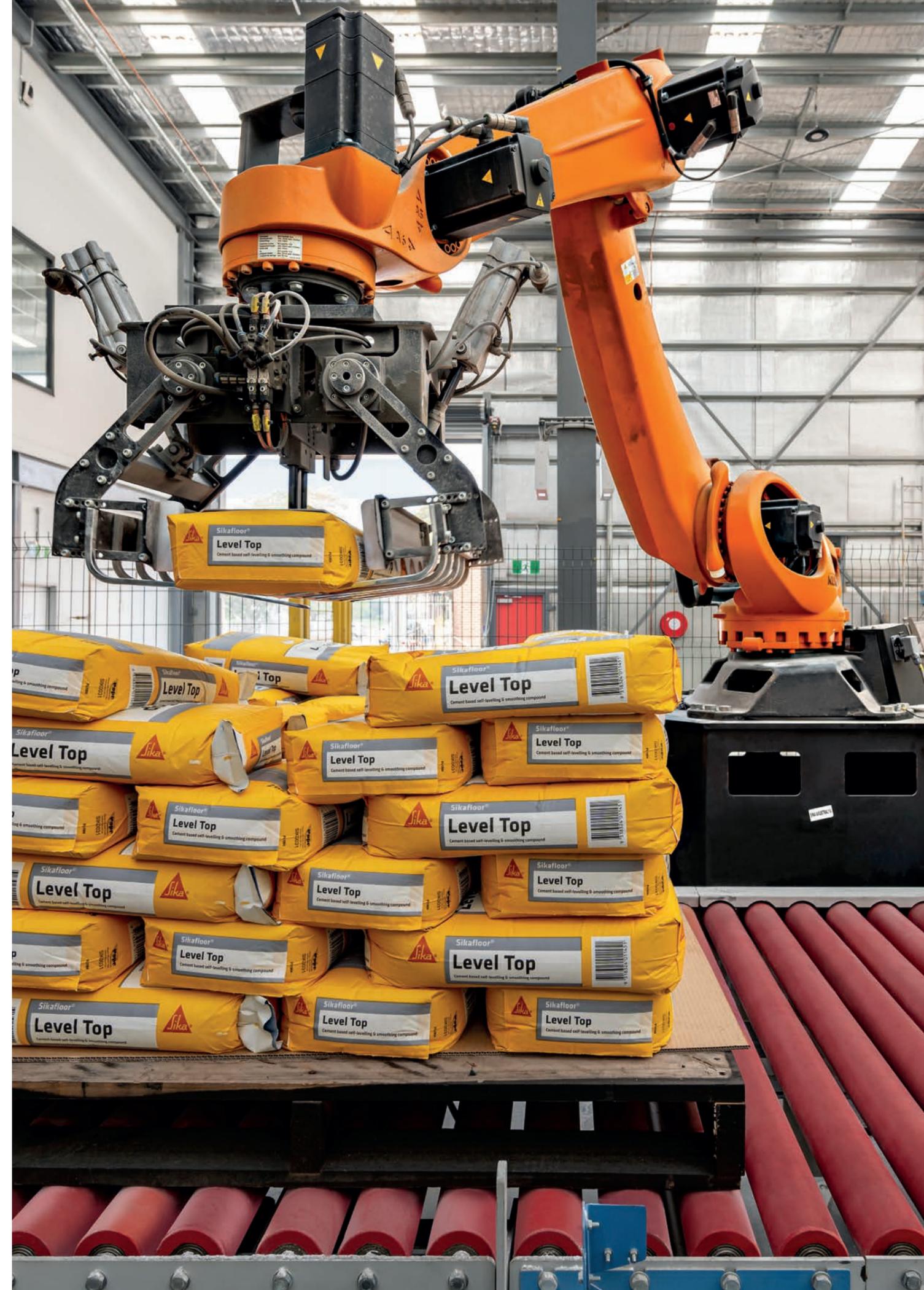
- the number of suppliers who have committed to the Supplier Code of Conduct;
- the name of labour hire agencies that completed the questionnaire;
- the number/percentage of employees who have completed training on modern slavery; and
- the number of actions that have been implemented to deadline.

Approval of Statement

This statement was approved by the Board of Sika Australia in its capacity as the principal governing body of Sika Australia on 30 November 2021. This statement is signed by Adam Sharp in his role as Managing Director of Sika Australia on 30 November 2021.



Adam Sharp
Managing Director
Sika Australia Pty Ltd





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WE ARE SIKA

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing and protecting in the building sector and the motor vehicle industry. Sika's product lines feature concrete admixtures, mortars, sealants and adhesives, structural strengthening systems, flooring as well as roofing and waterproofing systems.

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