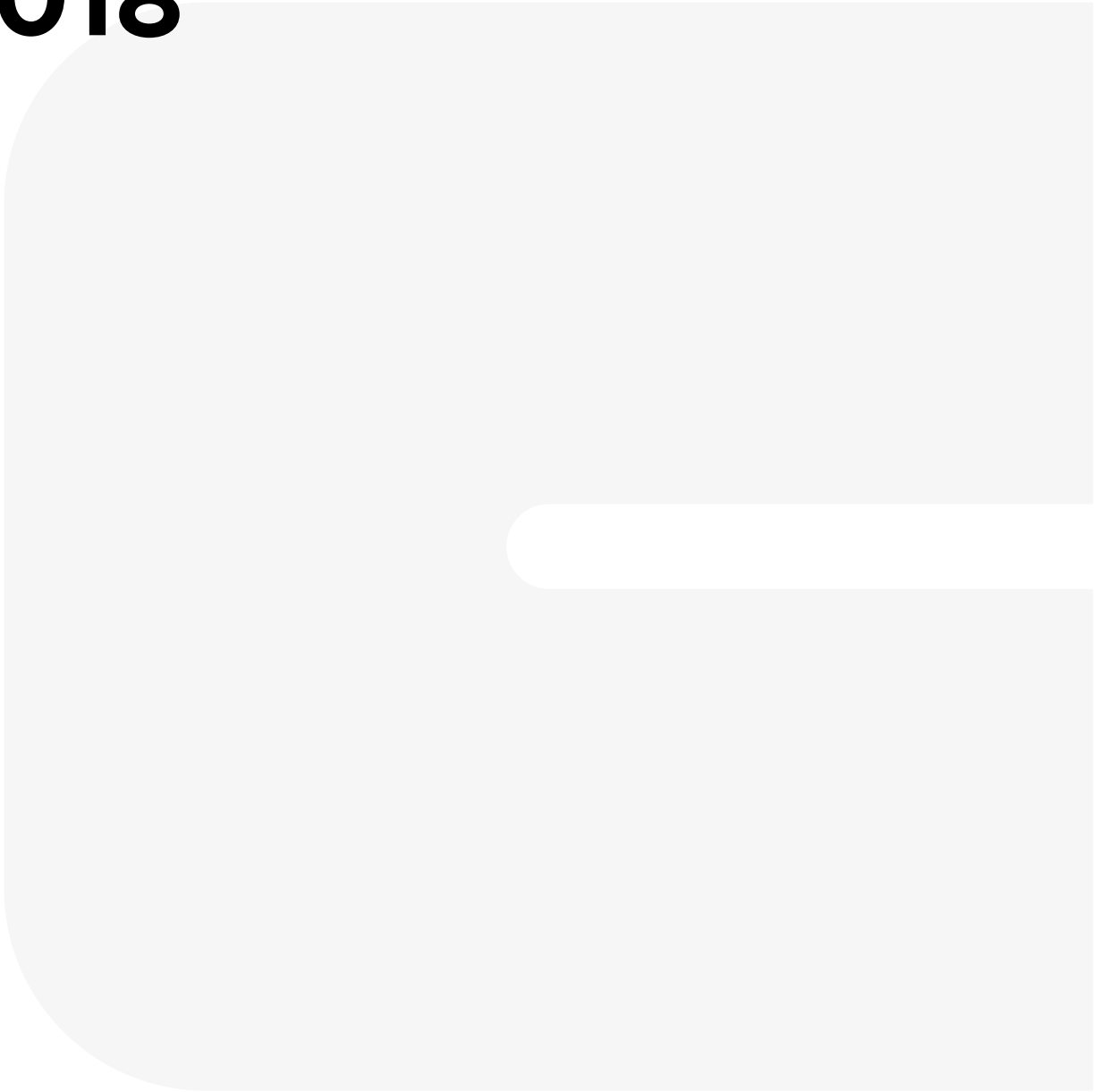


GRI Report **2018**



Introduction

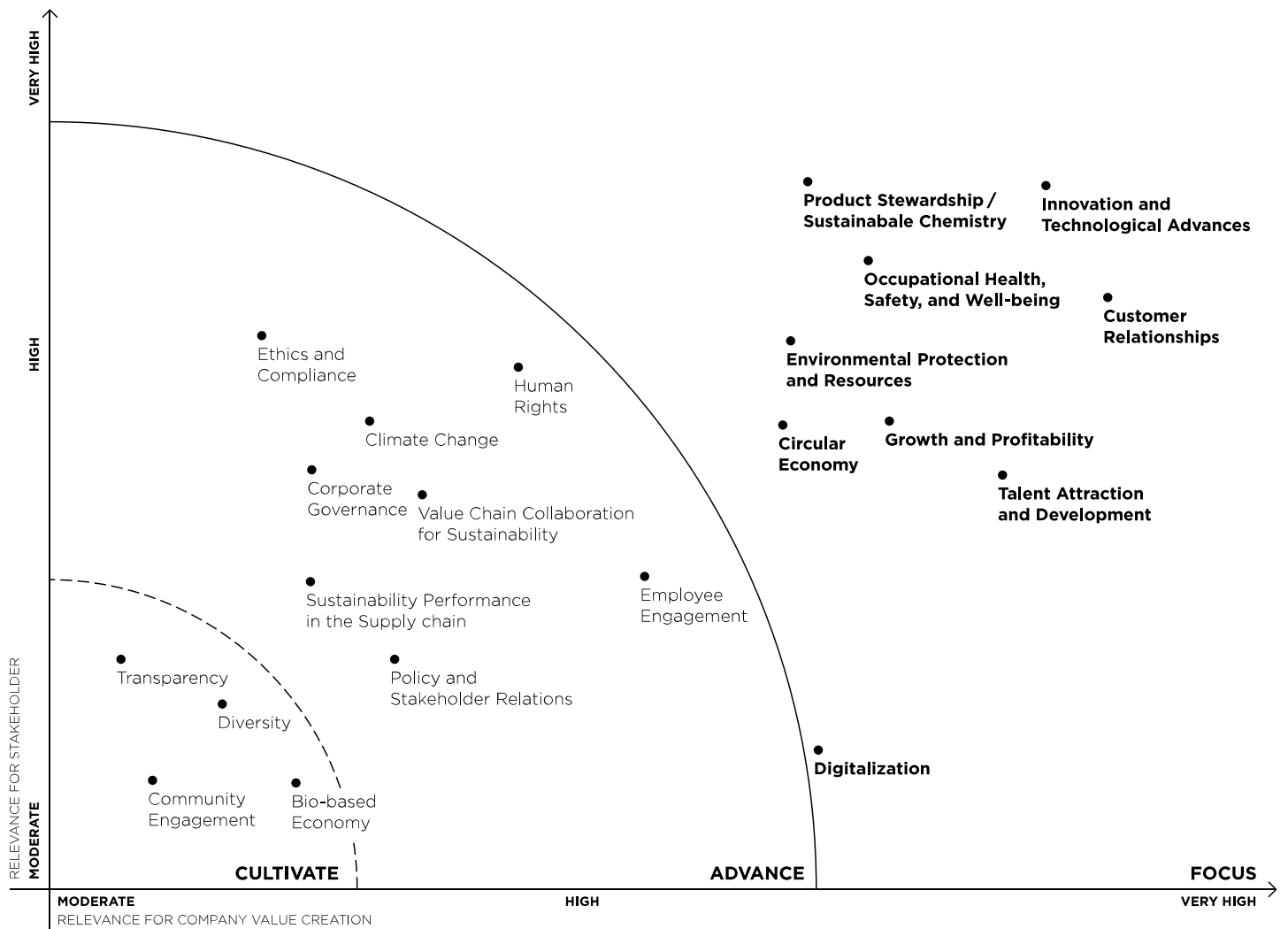
As one of the world’s leading specialty chemicals companies, Clariant creates value with innovative and sustainable solutions. By deeply ingraining sustainability throughout its corporate reporting suite, the company communicates openly and transparently with all stakeholders about its financial and non-financial value creation.

The GRI Report 2018 is integral to this reporting suite, providing comprehensive insights into Clariant’s sustainable value creation. For each material topic in the »Focus« and »Advance« categories—as presented in the materiality matrix below—the company outlines a management approach according to the GRI Standards, as well as the corresponding, topic-specific GRI disclosures.¹

For a more in-depth overview of Clariant’s holistic approach to financial and non-financial value creation, please refer to the [Integrated Report 2018](#). Comprehensive information on financial results can be found in the online [Financial Report](#). Details on governance and compensation are available in the online [Corporate Governance Report](#) and the [Compensation Report](#).

Read more: [Integrated Report](#), [Materiality](#)

Clariant Materiality Matrix



¹ For the material topic »Corporate Governance,« the information is not presented in a management approach, as it is reported in detail in the online Corporate Governance Report. Information about the material topic »Value Chain Collaboration for Sustainability« is covered by several other topics. Therefore, no separate management approach is presented in this report.

Index

4 Most Material Topics - Focus

- 4 Innovation and Technological Advances
- 6 Customer Relationships
- 7 Product Stewardship / Sustainable Chemistry
- 10 Occupational Health, Safety, and Well-being
- 17 Environmental Protection and Resources
- 27 Talent Attraction and Development
- 30 Growth and Profitability
- 32 Digitalization
- 35 Circular Economy

37 Material Topics - Advance

- 37 Employee Engagement
- 42 Human Rights
- 46 Ethics and Compliance
- 49 Climate Change
- 53 Policy and Stakeholder Relations
- 54 Sustainability Performance in the Supply Chain

60 General Disclosures**68 Assurance Report****71 GRI Content Index**

GRI Report 2018

MOST MATERIAL TOPICS – FOCUS

Innovation and Technological Advances

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

A strong focus on innovation and Research & Development is the first of the five pillars of Clariant's strategy to become the globally leading company for specialty chemicals. By leveraging technology and expertise, Clariant tackles emerging macro-trends to stay ahead in dynamic markets, creates high-performing solutions for rapidly changing customer needs, and drives profitable growth in all its businesses.

Innovation also supports Clariant's second strategic pillar—adding value with sustainability—by continuously improving Clariant's sustainability performance, enhancing the company's ability to create long-term value for its stakeholders. Sustainability likewise promotes innovation by meeting the increasing demand for sustainable solutions, which spurs growth and higher financial results.

Living a culture of innovation is also an increasingly important factor in employer branding, helping Clariant attract and retain talent.

103-2 The Management Approach and its components

As of January 1, 2019, a newly established Innovation Committee oversees all innovation activities at Clariant. Under the lead of the Chief Technology Officer, the Innovation Committee comprises representatives from the Business Units (Heads of Innovation, Heads of Marketing & Innovation, Innovation Champions), key functions from Group Technology & Innovation and New Business Development, the Head of Clariant Innovation Excellence, the Head of the Technology & Innovation Office, and a representative from Corporate Planning & Strategy.

The charter of the Innovation Committee outlines its focus: It reviews the innovation strategy at the corporate level and within each Business Unit; defines corporate growth fields and technology focus fields; and coordinates innovation activities across Business Units. Moreover, it steers Clariant's innovation portfolio to maximize pipeline value and pipeline delivery. The Innovation Committee is ultimately responsible for ensuring best practice application in innovation, intellectual property management, and adherence to Clariant's Technology & Innovation governance. It is also tasked with fostering open innovation, which includes the acquisition of public funding, and strengthening Clariant's position as industry leader in R&D and innovation. The objective is to achieve a growth rate through innovation of 2–3% per annum, with 1–2% sales growth through top line innovation only.

Research & Development activities are bundled in the department Group Technology and Innovation (GTI) and structured along four technology platforms: Chemistry & Materials, Biotechnology, Catalysis, and Process Technology. GTI collaborates closely with the Business Units to ensure that technology push and market pull go hand in hand. This setup is complemented by New Business Development (which explores business opportunities beyond the current scope of Clariant's Business Units), Group Engineering (which is responsible for the management and execution of capital investment projects), and Group Intellectual Property Management (which secures the generated value through intellectual property protection).

Clariant Innovation Excellence (CIX) supports the Business Units in innovation management and new business creation according to the Group-wide Idea-to-Market (I2M) process. The process encompasses scouting global trends and ideas, scoping out customer needs, executing product development, commercializing products, and monitoring product performance. With its Innovation Management experts, CIX provides Clariant's businesses with an elaborate toolbox and hands-on guidance for discovering and incubating new business opportunities and for managing innovation projects from ideation to efficient execution, commercialization, and the launch of new solutions.

Read more: [Integrated Report](#), [Idea to Market](#) and [Innovation and Technological Advances](#)

103-3 Evaluation of the Management Approach

Clariant strives to realize a local currency growth rate of 2–3% through innovation, with a target of 1–2% sales growth from top line innovation alone. After achieving this target already in 2017, Clariant also met the expectations in 2018 and grew by more than 3% through innovation. Nevertheless, the Strategic Management Process 2018 unveiled untapped potential for Clariant's innovation portfolio management and stringent allocation of funds towards attractive business opportunities. Business Units will further focus their resources and budgets on identified customer-centric and macro-trends-derived opportunities, thus raising innovation's contribution to profitable growth and the return on technology and innovation spend. The innovation governance was also adjusted and the Innovation Committee, with a new functional reporting structure, was introduced, which is effective as of January 1, 2019. The Innovation Committee is responsible for maximizing the value of Clariant's innovation pipeline and pipeline delivery.

Customer Relationships

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Clariant is committed to creating added value for customers by delivering innovative, competitive, and sustainable solutions. Engaging with customers is essential to understand their needs and create continuous, profitable growth. After taking significant steps in recent years to turn Clariant from a product-driven to a customer-centric organization, Clariant aims to further improve the customer experience and increase interactions to uncover new business opportunities.

103-2 The Management Approach and its components

To strengthen customer-centricity throughout the organization, Clariant established the Commercial Excellence initiative in 2011. It emphasizes continuous improvement in customer engagement and sales operations through ongoing dialog with existing customers, new prospects, and other partners along the value chain. Commercial Excellence is part of Group Excellence Services, an integral element of Clariant's Business Services units, which report to the Executive Committee. It supports the Business Units in developing and implementing actionable commercial growth plans and accompanies a growing number of projects on customer segmentation, cost-to-serve analysis, and customer engagement, as well as value-based pricing and selling initiatives that drive both performance and the bottom line. In addition, Commercial Excellence supports systematic capability building with a »Commercial Curriculum« for professionals in commercial and leadership functions.

In 2017, Clariant initiated the »Leading Marketing Organization« (LMO) initiative in order to further integrate marketing within the Business Units. Each Business Unit developed a tailored marketing organization structure with clearly assigned responsibilities, supporting the organization in enhancing customer-centricity. In every Business Unit, a global Head of Marketing now leads a dedicated team of marketing professionals. To identify and capture profitable growth opportunities, marketing teams work closely with technical sales functions.

To strengthen exchange between marketing professionals, Clariant also established a new Marketing Advisory Board in 2018. It consists of the Business Units' Marketing Heads and the Head of Commercial Excellence, who will convene regularly to share best practices and drive further development of strategic marketing processes, tools, and capabilities, and thus ensure continuous improvement of the marketing organizations.

After introducing a marketing essentials training in 2018, an advanced marketing training program that supports capacity-building and realizing the full potential of the new organizations in all Business Units will be launched in 2019.

Read more: [Integrated Report](#), [Market to Customer](#)

103-3 Evaluation of the Management Approach

In addition to the feedback received from customer interactions throughout the year, Clariant conducts a biennial survey to monitor customer satisfaction. This survey is critical to learn about customers' perception of Clariant as a supplier and business partner, and it provides an invaluable outside-in perspective to improve touchpoints along the entire customer journey. The most recent customer satisfaction survey was conducted in 2018.

Read more: [Integrated Report](#), [Customer Relationships](#)

Clariant tracks several indicators to monitor the success of its approach to marketing and customer engagement. One of the most important indicators is the additional margin generated from Marketing Excellence projects (commercial margin), which gives a good indication of how well Clariant translates customer insights into profitable growth. Since 2014, this indicator has grown substantially from CHF 2 million to CHF 12.8 million in 2018, underscoring that Clariant is moving in the right direction toward true customer-centricity.

GRI 418:2016 Customer Privacy

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

In 2018, Clariant received no complaints from outside parties or regulatory bodies regarding data breaches of customer privacy or loss of customer data. Similarly, Clariant is not aware of any identified leaks, thefts, or losses of customer data.

Product Stewardship / Sustainable Chemistry

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Protecting customers, consumers, and the environment by providing safer and more sustainable solutions is one of Clariant's top priorities.

Product stewardship is a legal prerequisite for a chemicals company. It adds value to Clariant's portfolio by providing all required information to ensure the safe use and handling of its products as well as compliance with national and international regulations, and by preventing reputational or legal damages. In addition, product stewardship supports Clariant's business through active communication with customers on product safety for their applications, thereby playing an important role in supporting business and environmental and health protection.

As sustainability leadership requires moving beyond compliance and current standards, Clariant steers its product portfolio towards more sustainable and innovative solutions considering all three dimensions of sustainability: people, planet, and performance. For Clariant, embedding sustainability aspects in product development and other business processes is a must. Driven by societal demand and policy attention, customers and markets are increasingly aware of and sensitive to sustainability aspects. By proactively screening its products and innovation projects against strict and forward-looking sustainability criteria, Clariant aims to develop more sustainable and innovative solutions that support long-term value creation.

Product stewardship and sustainable chemistry applies to all product cycles from cradle to grave, as impacts can result from all phases of product development, operations, and downstream value chains.

103-2 The Management Approach and its components

Clariant's approach to product stewardship is globally oriented and ensures that local and regional product stewardship teams play an integral role in the Global Product Stewardship organization and support business and external customer communication on all regulatory issues regarding the management of chemicals.

Clariant's product stewardship practices are embedded in the innovation process, guaranteeing that chemical safety is considered throughout the entire product life cycle. Regulatory compliance and communication to customers on the safe use and management of the products are thus ensured when placing products on the market.

Regulatory Compliance

Clariant monitors and assesses the impact of changes in chemical management regulations worldwide in order to be prepared for any shifts in the regulatory landscape. Proximity to regulatory bodies and participation in expert groups and associations support proactive management. Ensuring regulatory compliance also includes substance registration with relevant regional and national authorities and supply chain communication on product safety.

European Union Registration, Evaluation, Authorization, and Restriction of Chemicals (EU REACH) Targets

Clariant is fully committed to the REACH targets. After successfully registering all relevant chemicals before the May 2018 deadline, the company ensures that all product dossiers are kept up to date. During the next phase of REACH – the evaluation of the registration dossiers and registered substances – Clariant maintains the cooperation with regulatory bodies, such as the European Chemicals Agency (ECHA) and EU member states.

Clariant goes beyond mere compliance: Its Global Toxicology & Ecotoxicology Group has initiated and co-developed in a Cefic (European Chemical Industry Council) LRI (Long-Range Research Initiative) project the so-called AMBIT tool – an open IT-based system on a predictive toxicity model. AMBIT helps predict the properties of one chemical using the known properties of similar chemicals. The European Chemicals Agency (ECHA) supports this tool by giving access to non-confidential registration data.

Policies and Guidelines

As a signatory to the Responsible Care® Declaration, Clariant supports the Responsible Care® Global Charter. Clariant embedded the Responsible Care® principles in its Sustainability Policy, underlining the company's strong commitment and leadership in sustainable chemistry, and promoted the program in several countries. Reflecting the holistic approach in fulfilling the Responsible Care® principles, Clariant's Global Product Stewardship Organization takes care of the health, safety, environmental, and other regulatory aspects of the company's portfolio throughout product life cycles, following clear guidelines and process descriptions.

Clariant adheres to the Precautionary Principle and takes a proactive approach to ensure the health and safety of people and the environment, while designing more sustainable and innovative products.

Product Portfolio Sustainability Screening

Beyond product safety, a sustainability screening is mandatory for all major product developments at Clariant. Under the Portfolio Value Program (PVP), Clariant systematically assesses its product portfolio for strengths and weaknesses in terms of sustainability comparing its per-

formance against alternatives on the market and against defined sustainability risks and benefits. The product portfolio, which includes all existing products and the innovation pipeline, is screened for sustainability performance on 36 criteria that consider the entire life cycle and all three dimensions of sustainability: people, planet, and performance. Clariant awards products that show an excellent sustainability profile based on the PVP criteria with its EcoTain® label. These products are nominated by Business Units and undergo the scrutiny of an internal EcoTain® panel, comprised of Corporate Sustainability & Regulatory Affairs (which includes relevant product stewardship experts), Group Technology & Innovation, and Group Communications. In 2018, 24 products were awarded the EcoTain® label, bringing the total number of Clariant products branded with the sustainability excellence label to 193.

By participating in the development of a Product Portfolio Steering Framework of the World Business Council for Sustainable Development (WBCSD), Clariant supported the development of a set of sustainability indicators for evaluating product portfolios in the chemical industry. The initiative supported bringing best practice forward in evaluating product portfolios from a sustainability perspective and encourages companies to adopt methodologies for evaluating and steering their product portfolio towards increasing sustainability based on facts, market, and stakeholder expectations.

Read more: [Integrated Report](#), [Product Stewardship/Sustainable Chemistry](#)

103-3 Evaluation of the Management Approach

Clariant developed the Portfolio Value Program (PVP) and EcoTain® label in close cooperation with external stakeholders. Customers, suppliers, scientists, non-governmental organizations, policymakers, and authorities were consulted in workshops and dialogs and provided valuable feedback. The stakeholders appreciated the focus on continuous improvement, transparency, and the inclusive consultation process. They also valued the PVP approach for being focused, balanced, and ambitious. They commended the 36 criteria for being comprehensive and fit for purpose.

In addition, Clariant received an independent third-party assurance statement on the PVP/EcoTain® system from PricewaterhouseCoopers (PwC) in December 2015. In 2018, Clariant had the number of EcoTain® products verified by PwC.

The overall evaluation of the management approach includes internal controls, PVP progress-tracking dashboards, benchmarking against peers using external references, such as the Dow Jones Sustainability Index, as well as participation in external networks, discussions, and report reviews.

GRI 416:2016 Customer Health and Safety

416-1 Assessment of the health and safety impacts of product and service categories

✓ PwC	2017	2018
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement ¹	80%	80%

¹Assessments are performed as part of the Portfolio Value Program (PVP) screening mentioned under 103-3.

Read more: [Integrated Report](#), [Product Stewardship/Sustainable Chemistry](#)

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

In 2018, there were no fines, penalties, or warnings resulting from incidents of non-compliance with regulations or voluntary codes concerning information and labeling of products and services.

GRI 417:2016 Marketing and Labeling

417-1 Requirements for product and service information and labeling

Clariant fosters permanent contact with customers, who are supported in the application and use of Clariant's products. Laboratories are available to solve any specific problems. The service offering also features comprehensive product information, particularly in respect to optimum and safe application, health risks, waste disposal, and handling of packaging.

Safety data sheets containing the relevant substance data, information on safe handling and storage of products, and measures in the event of incidents such as product spillages/release and fire are provided by Clariant to all parties involved in the handling of the substances. Clariant has a close relationship with its customers and provides all REACH-relevant information about the supply chain through an IT tool. With this, every Clariant customer is able to securely receive REACH-relevant information on the specific products they have purchased. Comprehensive customer support services ensure compliance with the high communication requirements set by REACH regarding the use of products in the customer chain.

417-2 Incidents of non-compliance concerning product and service information and labeling

In 2018, there were no fines, penalties, or warnings resulting from incidents of non-compliance with regulations or voluntary codes concerning information and labeling of products and services.

417-3 Incidents of non-compliance concerning marketing communications

In 2018, Clariant had no complaints or legal actions concerning compliance with legal provisions on unfair competition or marketing communications.

Occupational Health, Safety, and Well-being

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Occupational health, safety, and well-being add value to Clariant by minimizing the risk of harm to both people and the environment and reducing potential liabilities for the company. Processes regarding occupational safety are top priorities for Clariant to ensure seamless manufacturing operations, protect the health and safety of Clariant's employees, and meet legal and reputation-

al requirements. Failing to meet requirements has a direct negative impact on staff morale, labor costs, and productivity, as well as on operational costs. Moreover, negative incidents of occupational health, safety, and well-being have a detrimental effect on the company's brand image.

As a global employer, Clariant is committed to promoting a healthy culture at the workplace, acknowledging the physical and mental well-being of its employees as a prerequisite for engagement and performance. The company aims to create an environment that encourages employees to actively self-manage their health and achieve an adequate work-life balance.

Occupational health, safety, and well-being are relevant for all Clariant businesses, including management-controlled joint ventures. The impacts of this topic occur within Clariant's own operations.

103-2 The Management Approach and its components

Clariant's Corporate Environmental Safety and Health Affairs (ESHA) Department and ESHA experts in all regions, countries, Service Units, and Business Units are responsible for managing occupational health and safety. Managing the well-being of Clariant's employees is a shared responsibility of the well-being experts, the Corporate Human Resources Department, and the regional and local human resources departments.

Clariant is focused on its goal of zero accidents and its desire to embed process safety into the daily life of all operations. Milestones are defined on Group, Business Unit, and regional levels, and progress toward zero accidents is linked to top management bonuses. A zero-accident goal also reflects the company's focus on the people dimension, one of Clariant's brand values.

To ensure operational health, safety, and well-being, Clariant has several policies and guidelines in place, including an Employment Standards Policy, which underscores Clariant's commitment to global workplace rights and acknowledges its social responsibility toward all employees. Clariant's Sustainability Policy also contains a section on the safety and security of employees and the environment. Several additional guidelines cover a large number of safety and security issues, such as fire and explosion precautions, the handling of hazardous substances, and the identification of risks associated with chemical production. In addition, Clariant adheres to the Precautionary Principle when dealing with risks where scientific understanding is incomplete.

In 2007, Clariant launched the AvoidingAccidents@Clariant program, underscoring its commitment to the occupational health, safety, and well-being of its employees. Under the umbrella of the program, Clariant rolled out multifaceted trainings and tools to achieve the zero-accidents objective. These include, for example, safe behavior trainings, safety leadership improvements, safety checks, safety days, and safety weeks. In addition, Clariant has a Learning Management System (LMS), which is used to provide, steer, and monitor various programs such as occupational health and safety-related e-Learnings, webinars, and workshops. Furthermore, according to the »Protection from Hazards to Health« guideline, the area responsible is tasked with informing workers and contractors about any specific hazard and training them on specific standard operating procedures and work instructions.

As part of Clariant's Audit Program, internal experts from corporate ESHA and the Integrated Group System Management (IGSM) regularly visit sites to check process safety standards by assessing the facilities and establishing corrective measures to tackle the main risks. Process Hazard Analyses (PHAs) are conducted periodically by competent personnel at the sites. The PHAs are reviewed at least every five years and updated in case of modifications. Whenever modifications are done in the facilities, management of change procedures are applied, ensuring that no new or additional risks are introduced without being assessed and controlled.

Clariant's »Safety Counts!« cards also play an important role in ensuring health and safety by providing employees with an opportunity to report critical safety situations and the circumstances that led to them. Employees can also submit their proposals to improve occupational health, safety, and well-being in suggestion boxes. Furthermore, they have access to an Integrity Line hosted by an external service provider, where they can raise their complaints anonymously and around the clock. The system guarantees that concerns are dealt with by representatives of Group Compliance.

The promotion of workplace health and well-being is a local responsibility that each Clariant region addresses with tailored programs. Exceptions are the company-wide family-friendly policy and standards that ensure a healthy and safe working environment for all employees. Further, Clariant's Employee Assistance Program offers free counseling by external specialists in case of stress (regardless of work-related or not), burnout, personal crisis, drug addiction, or other challenging circumstances. Certain locations implemented voluntary programs to support employees to quit smoking. For drug addiction, Clariant established a procedure for treatment through medical plans and in-hospital care, if necessary. Flexible working arrangements can be made and apply to both work-related stress management and unrelated, extenuating circumstances. Clariant performs an assessment of health habits and special health issues of all employees and updates local programs based on these findings.

To protect employees from work-related hazards, every workplace at Clariant is subject to a systematic assessment that includes workplace ergonomics, illumination, noise, indoor air quality, humidity, and temperature. Clear minimum requirements are defined for each factor, and measures to redesign the workplace are taken if these requirements are not met. Since balance between work and family life significantly contributes to the well-being of employees, Clariant also offers a wide range of flexible working arrangements, such as flextime, part-time, or working from home. Further benefits designed to enhance the work-life balance of its employees include healthy meals in the cafeterias, the provision of fitness facilities and contributions to external fitness programs, childcare facilities and contributions to external childcare, support for employees who care for elderly family members, as well as access to nutrition counseling and health checks.

The health of employees is regularly examined by Clariant. Depending on the workplace, extensive health checks are carried out in order to detect signs of illness as early as possible. For some activities, special health certificates and vaccinations are required, and special attention is paid to ensure that these are obtained and given. Medical health professionals anonymously report issues noticed through personal health checks of employees, for example, from blood or urine monitoring, to either the local ESHA organization or the area responsible depending on local laws. The reported information is used to review the mandatory workplace risk assessments required by »Protection from Hazards to Health.« Clariant ensures medical confidentiality. Initial workplace risk assessments define whether or not personal health monitoring is a necessary measure.

To further support Clariant's local activities and promote a shared culture of health and well-being, the company plans to initiate a global policy to provide a framework for new ways of working, including agile and mobile work.

Read more: [Integrated Report, Occupational Health, Safety, and Well-being](#)

103-3 Evaluation of the Management Approach

To evaluate the effectiveness of the management approach, Clariant monitors several key performance indicators on a regular basis: Lost Time Accident Rate (LTAR) and Restricted Work cases are continuously and globally reported on a monthly basis. Recorded Injuries are reported quarterly, and Occupational Illnesses are tracked continuously and reported globally on an annual basis. Safety Deviations are continuously monitored at respective sites and quarterly on a global level.

Furthermore, Clariant monitors all Process Safety Events (PSEs). All reported PSEs are assessed quarterly and published in Corporate ESHA dashboards. When Clariant identifies a trend in Process Safety Events that must be corrected, the corresponding units are contacted and instructed to take corrective measures.

GRI 403:2018 Occupational Health and Safety

403-1 Occupational health and safety management system

Clariant's occupational health and safety management system is externally certified and based on the international standard OHSAS 18001 (Occupational Health and Safety Assessment Series). It applies to all employees and contractors where Clariant controls the workplace. For workplaces that Clariant does not control, the management system only applies to Clariant's employees.

403-2 Hazard identification, risk assessment, and incident investigation

The internal Clariant guideline »Protection from Hazards to Health« serves to avoid work-related illnesses and regulates the identification of occupational health hazards for all workplaces. The guideline includes defined revision criteria and cycles. For the control measures, the STOP principle has to be applied, which defines the hierarchy of measures to be taken in case of an incident. A comprehensive internal audit system ensures the quality and triggers continuous improvement.

To report work-related hazards or near-miss incidents, Clariant's employees can either approach their supervisors directly or utilize an online system at some sites. If employees identify a hazardous situation, they are permitted and encouraged to stop the activity and report to their superior. The application of this rule is part of the »Avoiding Accidents@Clariant« training.

After a work-related incident, Clariant conducts an investigation to identify corrective actions and to avoid reoccurrence. Specific methodologies are provided and described in Clariant's investigation guide. According to internal processes, Lost Time Accident and Restricted Work case reports are only closed if an appropriate investigation report is available and filed. The decision to close a report is made on the Group level by an assigned member of Corporate ESHA.

403-3 Occupational health services

Read more: [Management Approach, Occupational Health, Safety, and Well-being](#)

403-4 Worker participation, consultation, and communication on occupational health and safety

94% of staff employed per capita in production are represented by a safety committee. Taking the workforce as a whole (production, procurement, sales, and management), 83% of staff per capita are also represented. At Clariant, safety issues are also addressed in committees that do not primarily deal with this topic.

A working group is established if there is a need for new internal standards or to update existing ones. The resulting draft is sent to the different stakeholders in Clariant's Business Units and regions to solicit feedback. Feedback and requests for revisions are duly considered before the standard is finalized and approved. The relevant information is subsequently published in the Group Management System (GMS) database and on SharePoint.

403-5 Worker training on occupational health and safety

Read more: [Management Approach, Occupational Health, Safety, and Well-being](#)

403-6 Promotion of worker health

Read more: [Management Approach, Occupational Health, Safety, and Well-being](#)

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Read more: [Management Approach, Occupational Health, Safety, and Well-being](#)

403-8 Workers covered by an occupational health and safety management system

✓ PwC	2017	2018
Percentage of employees covered by an occupational health and safety management system	100%	100%
Percentage of employees covered by an occupational health and safety management system that has been internally audited	100%	100%
Percentage of employees covered by an occupational health and safety management system that has been externally audited or certified	100%	100%

403-9 Work-related injuries

✓ PwC	2017	2018
Number of fatalities as a result of work-related injury	2 ¹	0
Rate of fatalities as a result of work-related injury (per 200 000 hours)	0.00529	0
Number of high-consequence work-related injuries (excluding fatalities)	0	2
Rate of high-consequence work-related injuries (excluding fatalities) (per 200 000 hours)	0	0.011
Number of recordable work-related injuries	302	248
Rate of recordable work-related injuries (per 200 000 hours)	1.57	1.31
Number of hours worked	38 134 000	37 796 000

¹Fatalities disclosure includes employees and contractors

Additional indicators:

✓ PwC	2015	2016	2017	2018
Occupational accidents with at least one day's work lost	32	37	38	28
male	32	35	34	28
female	0	2	4	0
Lost time accident rate (LTAR) ¹	0.17	0.19	0.2	0.15
male	0.17	0.18	0.18	0.15
female	0	0.01	0.02	0
Lost time accident rate (LTAR) ¹ for contractors	0.34	0.46	0.21	0.24
Lost time accidents by supervised (non-Clariant) workers (included in the overall number of occupational accidents)	3	2	2	6
male	3	2	1	6
female	0	0	1	0
Lost workdays (LWD) caused by occupational accidents	1 161	1 955	1 135	988
male	1 001	1 865	1 051	983
female	160	90	84	5
Lost workday rate (LWDR)	6.2	9.8	5.95	5.23

¹Occupational accidents with at least one day's work lost relative to 200 000 hours of work.

✓ PwC	2017		2018	
	Male	Female	Male	Female
Occupational accidents with at least one day's work lost	34	4	28	0
Europe	17	1	14	0
Greater China	1	0	0	0
India	0	0	1	0
Japan	1	0	0	0
Latin America	10	1	7	0
Middle East/Africa	2	1	1	0
North America	3	1	4	0
Southeast Asia/Pacific	0	0	1	0

✓ PwC	2017		2018	
	Male	Female	Male	Female
Occupational accidents of contractors, with at least one day's work lost	8	0	10	0
Europe	4	0	4	0
Greater China	0	0	0	0
India	3	0	1	0
Japan	0	0	0	0
Latin America	1	0	4	0
Middle East/Africa	0	0	1	0
North America	0	0	0	0
Southeast Asia/Pacific	0	0	0	0

403-10 Work-related ill health

✓ PwC	2017	2018
Number of cases of recordable work-related ill health	0	1
male	0	1
female	0	0

Environmental Protection and Resources

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Environmental protection and resources encompasses pollution prevention, waste management, energy and water use, and ecosystem protection. Clariant currently focuses on the impacts of its own operations, which can be controlled and monitored directly. Potential effects along supply chains are also considered.

Pollution Prevention

Clariant is fully committed to sustainability, as reflected in its ongoing efforts to protect the environment by conserving natural resources and preventing pollution. Its pollution-prevention approach includes a clear commitment to reduce air emissions and minimize the discharge of harmful pollutants into water bodies. It adds value to the company by minimizing the risk of harming human health and the environment while also reducing potential liabilities and negative impacts on the company's brand image.

Waste Management

Clariant's waste management approach adds value by reducing the risk of environmental harm as well as costs associated with waste production. These efforts are in line with Clariant's commitment to sustainability and lend credibility to our operations around the world.

At Clariant, the prevention of waste takes priority over recycling or disposal. Therefore, every effort is made during the development and manufacturing of products to ensure that as little waste as possible is generated, while unavoidable production waste is recycled or disposed of properly. Each type of waste is recorded and precisely analyzed, and proper disposal must be proven and documented in internal records. It is important to know which plant generated the waste, what amounts accrued during what period, what properties the waste components have, whether the waste can be classified as hazardous, and how it can be recycled or disposed of.

Energy

Managing energy is paramount for Clariant in order to conserve resources and be cost-efficient. Clariant's energy management aims to minimize emissions and greenhouse effects from energy use, and acknowledge the development and implications of climate change. Clariant aims to improve energy efficiency in its operations, but also strives for high standards in its value chain. Ultimately, Clariant's customers profit from solutions that enable them to significantly save energy.

Water

Water management is a key topic for the chemical industry, as water is used in numerous production processes and as an ingredient for certain products. The majority of production sites are located in areas with sufficient and stable water availability. To also ensure continuous operations in areas under water stress, introducing measures that reduce water consumption and increase water reuse is essential. Clariant prioritizes actions that increase water use efficiency, ensure proper water management, and address potential risks, particularly in areas under water stress.

Clariant uses water for a variety of purposes in the production of chemical products, resulting in the release of wastewater effluents. Clariant adheres to local regulatory requirements regarding discharge limits at all sites. Production wastewater is often subjected to multi-stage chemical-physical pre-treatment before being routed to biological wastewater treatment plants. This multi-step treatment approach and constant monitoring guarantee that discharged wastewater does not negatively impact ecosystems. Water that is only used for cooling is monitored and directly released into rivers. To prevent pollution of the intake water through undetected leaks in the

cooling system, the cooling water and rainwater are constantly analyzed at the individual sites as an additional safety measure. If contamination is discovered, discharge into rivers (or other receiving water bodies) is prevented by various on-site containment systems.

Protection of Ecosystems

Ecosystems provide a variety of critical goods and services to companies like Clariant, such as clean water, energy, recreational areas, and protection from flooding. Companies can negatively impact the ecosystems on which they depend and must therefore take great care in monitoring and remedying these impacts in order to maintain ecosystem services.

Since most of Clariant's sites are located in industrial areas, ecosystems are usually not impacted. If negative impacts can potentially occur, Clariant monitors parameters such as air emissions and water quality in areas adjacent to production sites. Where possible, the monitoring is extended along the value chain.

Protection of ecosystems also encompasses Clariant's use of renewable raw materials, specifically palm oil, and primarily impacts the Business Unit Industrial & Consumer Specialties and the mining activities of the Business Unit Functional Minerals.

103-2 The Management Approach and its components

The corporate Environmental Safety and Health Affairs (ESHA) unit and its specialized teams within Business Units and country organizations are responsible for managing environmental protection and resources. While they set and monitor the standards, the full operational responsibility lies with each site, which also nominates a responsible person for day-to-day operational ESHA topics.

Corporate Sustainability & Regulatory Affairs also supports the businesses with strategic and operational activities, for example by providing input to product screenings and customer requests.

By 2025, Clariant wants to achieve significant improvements on six major parameters compared to the base year 2013. With respect to produced goods (per ton), Clariant aims to reduce energy consumption and direct CO₂ emissions by 30%, greenhouse gas emissions, water consumption, and waste volume by 35%, and wastewater volume by 40%.

Clariant has an environmental management system based on ISO 14001 in place. As required by ISO 14001, Clariant defined a process landscape and established environmental guidelines that focus on emissions, waste, and wastewater. In addition, Clariant conducts environmental impact and aspect assessments and participates in the ISO 14001 audit process. One of the most important aspects of this is the continuous improvement process (CIP), which is supported by Clariant's Excellence program. Clariant follows ISO 50001 guidance for its energy management approach.

Clariant abides by the principles of the Responsible Care® Global Charter, which was initiated by the members of the International Council of Chemical Associations (ICCA) to create a global vision and highlight the commitment of the industry to continuous improvement in the environmental, health, and safety performance of chemical producers worldwide. Furthermore, Clariant adheres to its Sustainability Policy, Code of Conduct, Internal ESHA Management System, ESHA Guidelines and Guides, internal audits, and bylaws of the Executive Committee. The ESHA guidelines contain several common principles for environmental protection, including prioritizing measures that avoid or minimize negative environmental impacts over pollution control (end of pipe) measures.

In 2018, Clariant's investments and expenditures in the areas of environment, safety, and health protection (ESH) amounted to CHF 12.6 million (2017: CHF 8 million), representing an increase of 58% compared to the previous year.

Pollution Prevention

Clariant implemented several measures to improve its performance regarding pollution prevention. Air emissions and wastewater quality of all sites are monitored closely at the corporate level. Parameters tracked for air emissions include volatile organic compounds (VOCs), sulfur oxides (SO_x), nitrogen oxides (NO_x), and particulate matter. For assessing wastewater quality, biological and chemical oxygen demands (BOD and COD, respectively), as well as total organic content (TOC), suspended solids, heavy metals, nitrogen compounds, and phosphorus are recorded. All Clariant production sites strictly comply with local regulatory requirements regarding air and water emissions limits.

Waste Management

At Clariant, the prevention of waste takes priority over recycling or disposal. Therefore, every effort is made during the development and manufacturing of products to ensure that as little waste is generated as possible. Unavoidable production waste is recycled or disposed of properly. Each type of waste is recorded and precisely analyzed and described. Proper disposal must be proven and documented in internal records. Clariant's environmental performance has improved continuously over recent years thanks to ongoing efforts at individual sites and global programs. At the site level, waste generation is minimized by comprehensive planning and high-quality standards.

Energy

The main governing programs at Clariant to minimize energy consumption and increase energy efficiency are eWATCH, Clariant Excellence, and the YEE initiative.

The eWATCH program is a three-dimensional energy efficiency and management approach that combines an operating system, management system, and employee system to reduce operational costs at production sites. The Clariant Energy Intelligence Guide (CEIG), a component of the eWATCH Employee System, supports careful management of the company's energy demand. This guide combines information, advice, best practices, and successful optimization projects, as well as key figures and tools that support energy efficiency, enabling users to systematically improve the energy efficiency of equipment.

An important component of the Operational Excellence program is the Clariant Production System (CPS). The CPS's goal is to achieve optimal productivity and financial performance in the production units of all Business Units by identifying, developing, and implementing good practices across all production sites. Implementing the CPS leads to improvements in safety, productivity, conversion costs, energy consumption, and product quality.

The Clariant Production System's Yield, Energy, Environment (YEE) initiative increases yields, improves energy efficiency, and reduces waste streams by analyzing specific production processes or production units to create a comprehensive picture of energy optimization. Since inception in 2012, YEE led to savings of more than CHF 50 million. In 2018, YEE allowed for cost savings of CHF 6 million.

Water

Clariant is one of eleven partners in the European INSPIREWATER project, which is exploring innovative solutions for industrial water management. The project includes developing a pilot wastewater treatment plant in the water-limited region of Tarragona, Spain, with the aim of achieving zero liquid discharge. Knowledge obtained from this project can be transferred to other Clariant sites, particularly those located in water-stressed areas. Furthermore, Clariant engaged in internal quality audits, which are a central element of the ESHA management system, supporting the external environmental management certification according to ISO 14001.

Protection of Ecosystems

To guarantee sustainable sourcing of palm oil-based oleo chemicals, Clariant began certifying the key production sites that process palm oil-derived raw materials under the sustainability certification scheme of the Roundtable on Sustainable Palm Oil (RSPO). By 2016, it achieved its goal of certifying all sites that manufacture products with palm oil-based raw materials (i.e., Clariant's personal and home care products). In 2018, Clariant worked intensively to broaden its RSPO mass balance-certified product portfolio for the personal and home care markets in Europe, Asia, North America, and Latin America. This helps Clariant's customers comply with increasing demand for certified-palm ingredients in the end-consumer markets.

As a member of the »Sustainable Palm Oil and Traceability in Sabah« (SPOTS) initiative, Clariant also implements specific action plans regarding the sustainability of the palm oil supply chain. These include working on the transparency of supply chains and providing support services to independent smallholders to improve their income and quality of life.

Read more: [Integrated Report, Progress toward environmental targets 2025](#)

Read more: [Integrated Report, Environmental protection and resources](#)

103-3 Evaluation of the Management Approach

Clariant annually collects ESHA key figures to monitor ESHA performance and efficiency improvements. Clariant's Project Tracking Tool (CPTT) is used as a central tool for tracking the progress toward objectives, such as the 2025 targets.

For example, Clariant strengthened its water risk management in 2017 by establishing an annual water risk assessment for sites operating under high water stress. By systematically mapping water risks with a comprehensive tool, the Aqueduct Water Risk Map developed by the World Resources Institute, a facility's overall water risk score (a combination of quantity, quality, regulatory, and reputational risks) is calculated and the facilities that rank as medium to high risk are short-listed. Based on this initial assessment, Clariant refined the Aqueduct analysis by performing a more detailed internal risk assessment. Relevant sites reported on impacts and emerging risks according to certain classifications and categories, allowing Clariant to identify the sites with water risks that could have a substantial impact on operations, revenue, or expenditure. Further, in order to develop an in-depth understanding of risks and to make sure a systematic water risk management process is in place, a pilot water risk management project was started in 2018 in Santa Clara, Mexico. Following the pilot study, specific water-related goals will be developed for sites identified as having water risks.

Clariant established the Target 2025 Group to exchange knowledge between stakeholders in the Business and Service Units on projects undertaken to reduce environmental impacts. At the same time, Clariant instituted its Clariant Excellence program, which has clear targets for resource savings. Moreover, ideation workshops were coordinated by Corporate ESHA in collaboration with various Business Units to identify bottlenecks and generate new ideas to achieve the 2025 targets. The participants in these ideation workshops were the operations managers from the production sites, who were the main stakeholders in implementing the strategies at site level.

GRI 302:2016 Energy

302-1 Energy consumption within the organization / 302-2 Energy consumption outside of the organization / 302-3 Energy intensity

✓ PwC	2015	2016	2017	2018 ¹
Total energy consumption within the organization (in m kWh)	2 866	2 950	3 245	3 209
Relative energy consumption (in kWh/t production)	782	720	706	739

¹Every three years, Clariant validates environmental data from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

✓ PwC	2017	2018 ¹
Total fuel consumption within the organization (in m kWh)	1 777	1 781
Oil	87	83
Natural gas	1 231	1 254
Diesel	57	54
Energy crops (bagasse/briquettes)	122	121
Coal + Waste	280	269
Total electricity consumption (in m kWh)	844	768
Total steam consumption from outside the organization (in m kWh)	626	660

¹See footnote under the previous table.

Clariant's plants require energy primarily in the form of steam, electricity, and heat. Electricity is mainly used for drives in electric motors in mixers, pumps, and other process-engineering equipment. Measurement and control technology, as well as lighting, also requires electricity. Clariant uses natural gas for heating dryers, firing furnaces, and generating electricity and steam in its own power plants. Clariant uses steam to heat reactors and separators, such as distillation columns. The resulting condensate is, whenever possible, used for heating purposes. Across the Group, Clariant records the total energy consumption, independently of whether it has been internally produced or externally procured. Small energy procurements, such as transport services during business trips, are not recorded. In Clariant's overall energy balance, these numbers are insignificant.

Direct energy consumption (i.e., the use of primary energy sources) takes place at Clariant's sites and mainly for process heat- and steam-generation purposes. The main primary energy source is natural gas; coal is only used as an energy source in very few locations and Clariant is in the process of finding alternatives where possible. Indirect use of energy is from the consumption of electricity and steam from external sources in lieu of Clariant's own energy generation. Electricity and steam procured from 3rd parties are produced with a mix of different primary energies. Clariant endeavors, however, to increase the share of energy obtained from renewable sources on an ongoing basis.

To estimate the relative energy consumption per ton of production, Clariant accounts for all the energy it consumes.

302-4 Reduction of energy consumption

In 2018, Clariant managed to save 92.3 m kWh through its eWATCH and YEE programs. For information about the eWATCH and YEE programs refer to:

Read more: [Management Approach, Environmental Protection and Resources](#)

302-5 Reductions in energy requirements of products and services

Clariant evaluates the energy consumption of products through its Portfolio Value Program, which includes the innovation pipeline. For more information, please see the section on the Portfolio Value Program on [Clariant's website](#).

GRI 303:2018 Water and Effluents

303-1 Interactions with water as a shared resource

One of the main auxiliary materials for the chemical industry is water. Foremost, it is used as a coolant and as process water in production. Of the 49 million m³ of Clariant's total water quantity purchased in 2018, about 70% was used for the cooling of its production plants, 20% for production processes, and 10% as a product component or for steam/ice generation, irrigation, or sanitary purposes. The water supplies, especially at large production sites, are primarily guaranteed with river water supplied via 3rd parties. Before being discharged into the piping system at each site, the river water is cleaned using various filter systems. Remaining amounts are obtained from the respective local water grids, but not in volumes that would significantly impair the water system.

Clariant is a chemical company with a long-standing history, and some of its production sites are more than a hundred years old. New locations were chosen because of the required infrastructure in already existing industrial settlements. For these reasons, Clariant's properties for plants and office buildings are located today almost exclusively in industrial parks or appropriate commercial districts. Clariant systematically tracks water-related impacts and engages with stakeholders where necessary to deal with specific water-related impacts.

With regard to plants located next to rivers, Clariant implements strict environmental regulations so that its activities have no registrable impact on the surrounding flora and fauna. The wastewater produced by Clariant in the year under review had no measurable impact on biodiversity. Clariant mostly operates plants in integrated industrial sites without sensitive adjacent areas.

The importance of water management differs according to the local conditions. Therefore, the production sites set their own targets regarding the water footprint whenever relevant. Moreover, monitoring of regulatory developments takes place in the regions and countries.

303-2 Management of water discharge-related impacts

At some Clariant locations, cooling water is guided into circulatory systems, where the temperature is again lowered after use in recooling plants. This environmentally compatible cooling method is used in plants where technically possible. In 2018, it saved 123 million m³ of industrial water, which would otherwise have been additionally procured. Clariant provides general rules for minimum standards for quality of effluent discharge to all its sites. The effluent before discharge is subject to adequate treatment and is regularly monitored. The discharge limits set by local authorities are strictly adhered to.

303-3 Water withdrawal

✓ PwC	2017	2018 ¹
Total volume of water withdrawn (in m³)	49	49
Surface water	7.6	8.0
Groundwater	9.1	8.9
Seawater	0.1	0.1
Produced water	0.1	0.1
Third-party water	32.1	31.9

¹Every three years, Clariant validates environmental data from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

The disclosures on freshwater based on Total Dissolved Solids are omitted until internal processes on the collection and reporting of such data have been completed.

Clariant is in the process of standardizing the water stress/water risk assessment disclosure in accordance with various sustainability reporting requirements. The respective disclosure is thus omitted until the process is complete.

✓ PwC	2015	2016	2017	2018 ¹
Relative water consumption (in m ³ /t product)	13.3	11.7	10.6	11.3

¹See footnote under the previous table.

303-4 Water discharge

✓ PwC	2017	2018 ¹
Total water discharge to all areas (in m³)	12.7	12.6
Surface water	10	8.2
Groundwater	n.a.	n.a.
Seawater	0.6	0.5
Third-party water treatment	2	3.6

¹Every three years, Clariant validates environmental data from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

In 2018, Clariant recorded one incident of non-compliance with discharge limits of priority substances of concern. The respective case has been resolved in the reporting year.

The disclosures on freshwater based on Total Dissolved Solids are omitted until internal processes on the collection and reporting of such data have been completed.

303-5 Water consumption

Clariant considers the entire volume of water withdrawn and used as its total water consumption. Cooling water returned to the source after being used in cooling cycles is not excluded from total consumption.

See also: [GRI 303-1](#)

GRI 304:2016 Biodiversity

304-1 Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas

Clariant does not operate any chemical production sites in biological reserves or in areas with a high biodiversity value.

304-2 Significant impacts of activities, products, and services on biodiversity

If forests, which are generally unprotected areas, are located in the immediate vicinity, Clariant ensures that the nature of the plant and activities carried out do not have an appreciable adverse effect on the surrounding flora and fauna. Clariant is also aware of the possible impact of certain raw materials and their cultivation on biodiversity, as in the case of palm oil. Therefore, Clariant cooperates with customers to improve traceability of palm-based raw materials and is a member of RSPO, offering RSPO MB-certified material.

304-3 Habitats protected or restored

In areas that were reclaimed by Clariant following bentonite extraction (such as Southern Bavaria), certain types of animals that are on the Red List of Threatened Species have repopulated.

304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations

Because of the targeted locations of Clariant's sites, animal and plant species included on the Red List of the IUCN (International Union for Conservation of Nature and Natural Resources) and on national protection lists are not visibly affected by Clariant's business activities.

GRI 306:2016 Effluents and Waste

306-1 Water discharge by quality and destination

✓ PwC	2015	2016	2017	2018 ¹
Total volume of planned and unplanned water discharges (in m ³)	13.3	13.2	12.7	12.6
Relative wastewater discharge (in m ³ /t production)	3.63	3.23	2.75	2.90

¹Every three years, Clariant validates environmental data from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

The absolute quantity of water discharged remained stable between 2017 and 2018. Water discharged in relation to production increased, as production declined in the same time range.

Clariant has reduced the chemical oxygen demand (COD)—the measurement of the degree of wastewater burdened with organic substances—in all its wastewater treatment plants by ~25% from 2014 to 2018. Consequently, fees and production costs were reduced.

Only small amounts of heavy metals remain in the wastewater at Clariant's individual sites. The values are partly based on the concentrations that are at or below the detection limit. The wastewater discharged by Clariant is largely cleaned and does not affect the quality of the receiving water. Thus, Clariant has achieved high standards in wastewater treatment and water purification.

306-2 Waste by type and disposal method

✓ PwC in thousand t	2015	2016	2017	2018 ³
Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:¹	59	54	56	55
Recycling ²	18	20	23	23
Landfill ²	6	10	7	8
Treatment ²	47	39	41	37
Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:^{1,4}	92	92	142	177
Recycling ²	18	17	27	20
Landfill ²	68	69	107	148
Treatment ²	8	7	9	10
Total waste^{1,4}	151	147	198	232

¹Waste from Clariant activities

²The listed treatment and disposal channels also contain waste from other producers but managed by Clariant.

³Every three years, Clariant validates environmental data from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

⁴The increase in the total amount of waste compared to 2017 is mainly due to the accumulation of large amounts of gypsum at two production sites. Gypsum is a by-product of bentonite processing and represents 40% of the total non-hazardous waste. The two sites are exploring different commercial avenues to convert gypsum into a viable product.

306-3 Significant spills

✓ PwC	2015	2016	2017	2018
Process safety event rate ¹	0.26	0.21	0.35	0.46

¹Process Safety Event = Number of Process Safety Events * 100 / FTEs. In 2018, Clariant changed the reporting criteria from Cefic to ICCA. If Clariant had used the Cefic criteria for 2018, the process safety event rate would have been 0.35.

✓ PwC	2017	2018
Number of significant spills	3	4
Total volume of significant spills (m ³) ¹	110	6

¹The number for 2017 is considerably higher than in 2018, as two large spills were recorded. All releases were contained on-site without any releases to the environment.

In 2018, Clariant recorded four spills, which is considered significant under the definition of ICCA, category 2. The total volume of the spills amounted to 6 m³.

Safety of people and the environment is the highest priority for chemical companies. One indispensable factor is an effective safety management system that can also identify, assess, and control risks in the production process using appropriate measures, so as to reduce or even entirely avoid these risks. For this reason, Clariant, in close cooperation with the European Process Safety Centre (EPSC), has actively supported the development of a simple and representative measurement system, also with the aim of establishing an industry-wide standard.

This system records and systematically assesses smaller substance and energy releases in order to avoid major incidents. These incidents, or Process Safety Events (PSEs), are categorized according to criteria stipulated by the European Chemical Industry Council (Conseil Européen des Fédérations de l'Industrie Chimique, Cefic) and the International Council of Chemical Associations (ICCA). They are a component of the ongoing improvement procedures for the process safety of the production systems. In 2018, the process safety event rate at Clariant increased from 0.35 to 0.46, according to ICCA criteria. However, if Clariant continued to use the Cefic reporting criteria, the rate for 2018 would have been 0.35. Due to the change in our PSE reporting criteria starting in 2018, many training sessions and webinars were conducted, which impacted the reporting culture, increasing the total number of reports in 2018. We expect this trend to continue in the following years. The rate denotes the number of incidents per 200 000 working hours.

306-4 Transport of hazardous waste

Hazardous waste transport is done by certified companies fully compliant with all requirements of transport and waste legislation. It is important to know from which plant the waste originates, which amounts accrue during what period, what properties the waste components have, whether the waste has to be classified as hazardous, and how it can be recycled or disposed of.

GRI 307:2016 Environmental Compliance

307-1 Non-compliance with environmental laws and regulations

Clariant's operative business adheres strictly to the company's internal control guidelines for the area of »environment, safety, and health« (ESH). This directive aims to ensure that there are no breaches of internal and external regulations. As a result of these efforts and stringent voluntary commitments, Clariant was not aware of any cases in 2018 in which it was accused of not having acted essentially in compliance with laws, regulations, and voluntary codes of practice in connection with nature and environmental protection. As such, Clariant did not have to pay any substantial fines or non-monetary penalties for non-compliance with environmental laws and regulations.

Talent Attraction and Development

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Empowered, motivated, and highly skilled employees that create value for the company and its stakeholders are essential to Clariant's long-term success. Clariant is thus striving to build a reputation as a preferred employer to attract, engage, develop, and retain the right people with the right skills. Human resource practices such as recruiting, learning, and performance management are central for all Business Areas and regions along Clariant's entire value chain. The recruitment and onboarding processes need to be efficient so that new employees can quickly contribute to the implementation of the Business Units' strategies. Skills development is also imperative to remain agile and drive innovation in fast-evolving markets that continuously demand new competencies. Lastly, employee engagement and performance management are critical to retain talent and motivate employees to implement Clariant's business strategy and contribute to a high-performing company.

103-2 The Management Approach and its components

Within Clariant, engaging and developing talent is a shared responsibility of all management functions. Clariant's leaders are key in shaping a high-performance culture. They are supported by Group Human Resources, which has established strong processes for talent acquisition, onboarding, performance management, and talent management in all regions. Globally, Clariant's operational and strategic human resources departments comprise 209 employees dedicated to talent attraction and development. Clariant's People Excellence strategy ensures that the different employee initiatives are closely linked to business needs and implemented effectively and efficiently.

For the management of Talent Attraction and Development, Clariant abides by its Global Talent Acquisition Policies (Recruitment Policy, Global Recruitment Agency Policy, Onboarding Policy, and Employee Referral Policy). The policies clarify and specify the roles and responsibilities of the hiring manager and recruitment and HR personnel to ensure an efficient, effective, and professional talent acquisition process. More specifically, highly trained talent acquisition teams partner with the Business Units to source and select the best talent. Employer branding programs create awareness in the market and positively influence potential candidates. Moreover, line managers are trained in the »License to Hire« program to ensure they make the right hiring decisions.

With regard to capability development, Clariant creates an inspiring learning environment and promotes a learning culture. It offers structured capability-building programs, which entail defining required competencies per job family, assessing these competencies, and creating individual development plans. The Clariant Academy encompasses all global learning offerings designed to support Clariant's strategy and to promote common language and values across the organization. Learning programs within the Clariant Academy are differentiated by job family and management level. A nomination process for the Clariant Academy programs ensures that all relevant employees participate in the training programs designed for a specific target audience. Besides the Clariant Academy, trainings, social learning (e.g., learning communities, mentoring, and peer coaching), and on-the-job learning opportunities (e.g., job rotation and work shadowing) are offered. Dedicated regional learning managers help identify the right learning solution for each employee and foster peer and cross-level learning by facilitating workshops with management teams. Clariant's support of its employees' education is described in global and regional learning policies, which include budget frameworks for trainings and study assistance guidelines.

The objective of talent management is to have a consistent and structured pipeline of functionally and vertically deployable talent for each management level. This process entails systematically identifying, developing, and retaining talent and provides local, regional, and global talent pools to ensure successful short-, mid-, and long-term succession planning and availability of candidates. For many years, Clariant has filled at least 80% of open positions at management level with internal candidates. Dedicated regional and local talent managers lead talent potential reviews, create individual development plans with Clariant's talent, and participate in internal placement decisions. They also organize so-called »talent engagement sessions« in order to give internal talent visibility and exposure to senior managers.

In 2018, all Business Units implemented a new People Excellence Strategy. It specifies the management requirements needed for the successful execution of the corporate strategy and breaks down business challenges into people-related measures that address existing shortcomings in the most focused manner. The People Excellence Strategy thus helps line managers define how to best execute their business strategy. Moreover, several new training programs were rolled out or further developed across the organization to strengthen innovation, commercial, technical, and leadership competences across functions and levels.

Read more: [Integrated Report](#), [Talent Attraction and Development](#)

103-3 Evaluation of the Management Approach

The feedback collected after each training course is systematically reviewed and required amendments are performed in order to ensure high-quality training courses. In 2018, the average feedback score for Clariant Academy trainings was 3.6 (with 3 being fully satisfactory and 4 superior). Individual training feedback scores ranged from 2 to 5. For selected programs of the Clariant Academy, feedback on the mid-term impact is collected from participants.

For instance, for the Competency Management Training, 48% of participants agree or strongly agree that they have been able to apply the information learned to their day-to-day work and 44% have been able to apply more than 75% of the information learned.

GRI 404:2018 Training and Education

404-1 Average hours of training per year per employee

✓ PwC	2016	2017	2018
Number of training hours	201 884	192 435	234 240
Male	—	—	167 734
Female	—	—	66 506
ML 1-5	—	—	26 679
Staff excluding ML 1-5	—	—	207 561
Number of employees participating in training ¹	11 000	9 720	15 791
Average hours of training that the organization's employees undertook during the reporting period	18.05	19.8	14.8

¹The sharp increase of training participants from 2017 to 2018 is due to the global data privacy training conducted in 2018 and the increased usage of e-learning modules by the Business Units.

404-2 Programs for upgrading employee skills and transition assistance programs

Offerings of the Clariant Academy programs included so-called leadership training programs and sales competencies to enhance communication and presentation skills, while local offerings comprised training programs with an emphasis on language courses. Employees also attended courses in environment, safety, and health (ESH). Other training programs also covered topics such as technical courses and product-related training programs.

Training at the academy takes place within a modularly configured program that accurately reflects operating procedures. The training measures start with basic training, which is completed mostly on a theoretical level, and also include the categories of equipment and procedural training. This is followed by plant training where Clariant's employees are educated about new equipment. The in-services conclude with process training, where employees deal with all the processes that are potentially significant in their daily jobs.

Clariant also offers local trainings for employees who are close to retirement in order to prepare them for their new stage in life and to facilitate effective knowledge transfer.

404-3 Percentage of employees receiving regular performance and career development reviews

✓ PwC	2016	2017	2018
Number of employees by employee category who received a regular performance and career development review during the reporting period	—	10 300	10 350
ML 1-5	—	900	819
People in downstream levels	—	9 400	9 531
Male	—	—	7 611
Female	—	—	2 739
Percentage of total employees by employee category who received a regular performance and career development review during the reporting period	52%	51%	58%
Male	—	—	55% ¹
Female	—	—	93% ¹

¹The percentage is calculated based on the total of employees in the respective group.

One of the aims of the »360-degree feedback process« and the annual »performance dialog« is to identify the ongoing development potential of all employees (management position holders and people in downstream levels) and to agree on appropriate development goals. The performance-management process comprised 819 people in the highest five management levels (ML) by the end of 2018, which corresponds to approximately 5% of the total work force, as well as 9 531 people in the downstream levels (53% of employees). This corresponds to an overall percentage share of 58% of all employees. Over the next few years, this process will be expanded to encompass the majority of employees at lower levels.

Growth and Profitability

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Clariant's vision is to be the globally leading company for specialty chemicals and to stand out through above-average value creation for all stakeholders – customers, employees, shareholders, suppliers, society, and the environment. As the company's ability to realize this aspiration is based on above-industry growth, profitability, and Total Return to Shareholders (TRS), Clariant defined growth and profitability as two of the five pillars of its Group strategy and set related financial goals.

Read more: [Integrated Report](#), [Strategy](#)

103-2 The Management Approach and its components

Value creation at Clariant is based on an elaborate business model that converts diverse resources into valuable products and solutions that benefit all stakeholders. At the core of this transformation are three value-creation phases, Idea to Market, Market to Customer, and Customer to Cash, which are underpinned by Clariant Excellence initiatives (Clariant Innovation Excellence, Clariant Commercial Excellence, Clariant Operational Excellence). These help the Business Units deliver innovative and sustainable products and solutions that address pressing customer needs in a safe, reliable, and efficient way, building the basis for business growth and profitability.

Achieving growth and profitability is a shared responsibility of all management functions. However, the overall direction of the Group is defined by Clariant's Board of Directors. The Board reviews and further develops the company's strategy once a year during a two-day Board of Directors meeting. The Board has delegated the executive management of the Clariant Group to the Executive Committee, which consists of the CEO, the CFO, and two other members. The Executive Committee is mainly responsible for implementing and monitoring the Group strategy for the financial and operational management of the Group, and for continuously improving the efficiency of the Group's structure and organization.

Read more: [Integrated Report](#), [Strategy](#)

Read more: [Corporate Governance Report](#)

103-3 Evaluation of the Management Approach

Clariant's Strategic Management Process (SMP) ensures that the Group strategy is executed at the level of each Business Unit, all of which collectively comprise Clariant's four business areas. A strategy update in 2018 focused on a major portfolio upgrade designed to capture a significant collaboration opportunity with SABIC in the area of high-performance materials. This portfolio upgrade allows Clariant to focus even more on customer-specific, technologically advanced applications with high growth and high value-creation potential. This enhanced growth profile of the Group is expected to enable Clariant to reach sales growth of 5–6% annually, and to increase the EBITDA margin to approximately 20% by 2021.

The SMP discussions with each Business Unit include growth and profitability targets at the segment level as well as for the whole Business Unit. From these discussions, Clariant derives growth and profitability objectives for its four Business Areas. For Care Chemicals, Clariant expects an annual sales growth of 5–7% and aims to achieve an EBITDA margin of 19–21% by

2021. For Catalysis, the expected annual sales growth rate is 6–9% and the EBITDA margin to be achieved by 2021 amounts to 26–30%. The respective targets for Natural Resources are set at 6–7% and 16–17%. From the new Business Area High-Performance Materials, which will comprise the Additives business, high-value Masterbatches, and high-performance thermoplastics, Clariant expects an annual sales growth rate of 6–9% and an EBITDA margin of 24–25%.

Read more: [Integrated Report](#), [Financial Capital](#)

GRI 201:2016 Economic Performance

201-1 Direct economic value generated and distributed

Read more: [Integrated Report](#), [Summary on Performance](#), [People](#), [Planet](#)

201-2 Financial implications and other risks and opportunities due to climate change

Clariant discloses details about the risks and opportunities posed by climate change through a number of sustainability reporting programs, such as the Carbon Disclosure Project (CDP). These include a detailed description of the risks and opportunities per type of impact (regulatory, reputational, and physical parameters) as well as the methods used to manage the risks.

Main risks driven by changes in regulation:

- Climate and energy policies leading to increased fuel/energy taxes and regulations (e.g., cap and trade schemes and environmental taxation).

Main opportunities driven by changes in regulation:

- Innovation and R&D focus on low-carbon products and differentiation through a more sustainable product portfolio.
- Increased demand for solutions related to megatrends such as low-carbon mobility, recycling, food security, and urbanization.

Main risks driven by changes in physical climate parameters:

- Change in precipitation extremes and droughts (e.g., water scarcity), induced changes in natural resources, tropical cyclones (hurricanes and typhoons), impact on infrastructures, and/or impact in the supply chain.

Main risks driven by reputational considerations:

- Shift in consumer preferences and increasing customer demand for climate-friendly products, and changing customer behavior and higher awareness of products with less impact on climate and other environmental aspects.
- Stigmatization of a sector or of a company related to brand image, community opposition, and negative media coverage.

Main opportunities driven by reputational considerations:

- Responsible behavior qualifies Clariant for investors that focus on sustainable investments.
- Customer engagement, stakeholder dialog, community initiatives, and overall positioning of Clariant as a credible sustainability leader.

201-3 Defined benefit plan obligations and other retirement plans

Pension and other employee benefit plans are monitored globally by Clariant for relevance, compliance, costs, and suitability as a valuable employee benefit. Clariant is aware of the significance of these pension and other benefit plans as a lever for retaining staff. These plans are regularly matched with benefits in the respective countries in order to be in line with current practices. Before every adjustment, Clariant carefully examines the impact the changes have on the employees and, if necessary, directly consults with them.

Clariant offers retirement or pension plans as a benefit to protect employees after completing their active working life and to enable them to actually retire. Clariant aims to offer benefits that are competitive in the local markets; existence and type of retirement or pension plans differ widely from country to country based on local legislation, social security systems, and market practices.

Read more: [Financial Report](#), [Retirement benefit obligations](#)

Digitalization

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

In Clariant's view, digitalization is a megatrend with the potential to reshape many areas of the chemical industry. While some of the changes may only be visible in hindsight, Clariant is already adapting to gradual developments that could potentially impact the business.

Digitalization offers many opportunities and challenges for Clariant. In the area of innovation and marketing, digitalization allows Clariant to anticipate and capture market trends, for example, by employing predictive data analytics. Speed and quality of new product developments and related applications can be increased by using data science and high-throughput experimentation. This is particularly important for customers that are exposed to fast-changing demand due to the increase of online sales. Clariant also predicts an evolution in the buying behavior of demographically younger buyers who are used to accessing information at any time. This could lead to a higher interest in buying and selling activities on transparent Internet platforms. Even though the benefit and impact of platform economics cannot yet be determined, Clariant closely monitors developments in this field. Digitalization also creates an opportunity to enhance Clariant's solution-centric go-to-market approach by offering additional digital insights and services to customers. In particular, the combination of chemical knowledge and data science enables Clariant to offer completely novel services. They can be offered to the market as stand-alone »software as a service« or as part of regular service packages.

Regarding production and supply chain management, the combination of traditional automation processes and data science is expected to have a considerable impact. Predictive process and quality control have the potential to increase yields, lower energy consumption, and avoid bottlenecks in production, leading to increased speed and quality, as well as reduced costs.

In procurement, Clariant is observing promising impacts regarding price predictions and the planning of material flows. Data-driven tools are making it possible to exploit price advantages, and improved demand predictions and risk management are enabling strategic buying. In addition, automated e-auctions are expected to lower raw material prices, as Clariant can easily compare a large number of offers from suppliers, making the selection process more competitive. Clariant considers displaying digital material flows as an opportunity to increase supply stability and enhance monitoring of sustainability factors in the supply chain. Predictive planning tools are expected to lower net working capital by improving multi-layer inventory and increase the On-Time/In-Full (OTIF) rate.

In addition to these high-impact areas, digitalization may also further streamline services and digitize processes to improve efficiency and lower costs, for example, in finance or service organizations.

103-2 The Management Approach and its components

To systematically explore and capitalize on the opportunities of digitalization, Clariant applies a two-fold approach. First, it aims to mainstream digitalization throughout the company by working with all Business and Service Units to gradually improve processes and offerings to the customers. Second, it launched a dedicated cross-functional and collaborative program, Digital4Clariant, at the end of 2016. The program established three core workstreams that pursue the following objectives:

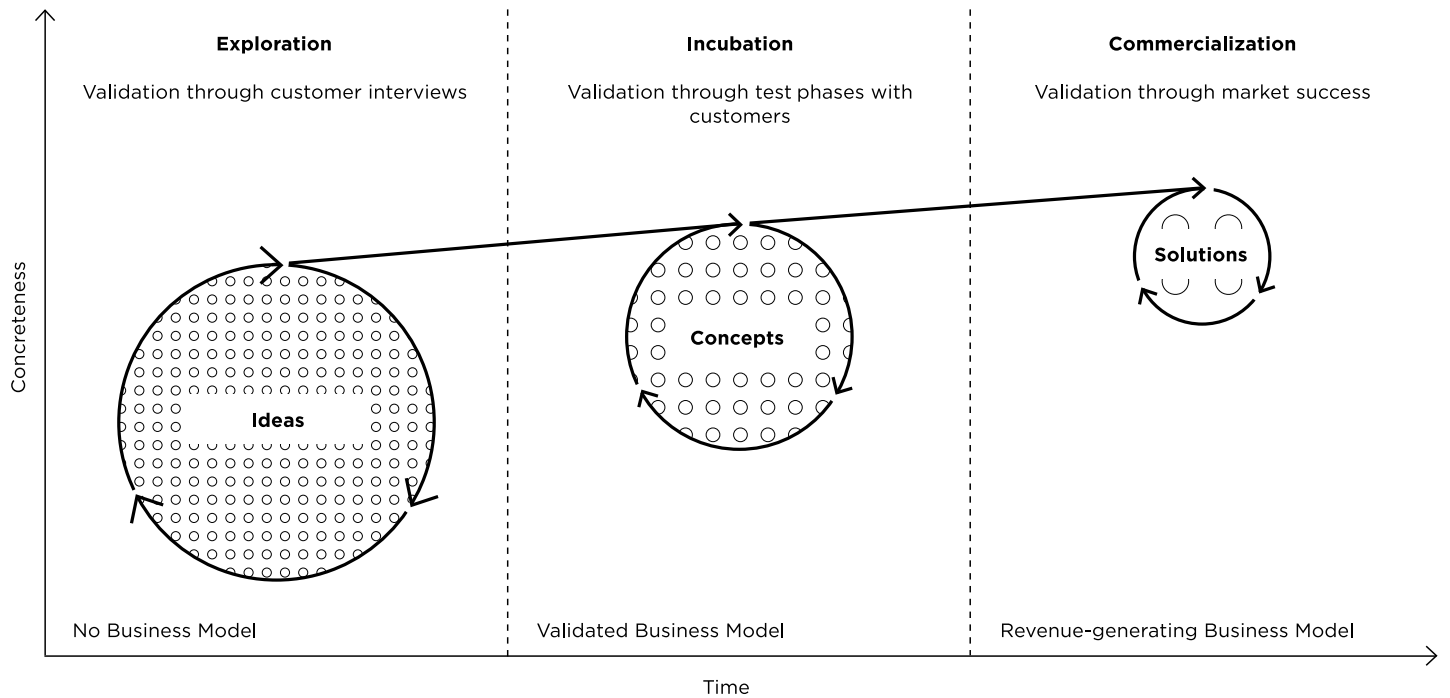
- Find new business models around digital offerings.
- Improve Clariant's operations with digital means (Digital@Operations).
- Utilize the potential of big data and advanced analytics.

Clariant realized that the early involvement of security, legal, and tax experts is crucial to speed up digital projects. Consequently, Clariant instituted three supporting workstreams concerning cybersecurity, legal, and tax issues.

Clariant's digital innovation approach is inspired by rapid innovation methods widely used in the technology sector. It incorporates elements of design thinking, agile project management, and SCRUM. To make sure that new solutions satisfy customer needs, Clariant starts its innovation sprints with customer interviews and continuously refines ideas based on customer feedback. As a principle, ideas are also rigorously sorted, embracing the spirit of fail fast, fail early, and fail cheaply.

In close collaboration with Clariant Operational Excellence (COX), Digital@Operations systematically identifies improvement potential in the operational processes and implements corresponding projects, particularly along six clusters considered relevant for Clariant: predictive process and quality control, predictive maintenance, digital material flow, connected workforce, retrofitting, and robotics.

Digital Innovation Cycle



To exploit digitalization’s full potential, Clariant also plans to adjust its current IT and support functions and further develop internal digital skills beyond classical IT capabilities. Enhanced support services, which include legal advice on data protection and intellectual property, employer branding to attract digital talents, and capacity-building of digital skills among existing staff, will help the businesses navigate in the digital world.

Read more: [Integrated Report](#), [Digitalization](#)

103-3 Evaluation of the Management Approach

Digital4Clariant is supported by top management. All workstreams and projects under Digital4Clariant have steering committees, typically consisting of the sponsoring member of the Executive Committee, the Head of the involved Business Unit, a member of the Business Unit’s Management Committee, the Chief Information Officer, and the Head of Digital4Clariant. The committees meet regularly to assess the progress of each project and decide on their continuation using a set of digital key achievement and performance indicators. These indicators vary depending on the type and maturity of each workstream or project. They range from standard financial KPIs to indicators that reveal the product/market fit, such as the number of returning/paying visitors to a platform or the customer lifetime value to customer acquisition cost ratio. They are complemented by indicators that reflect sound customer-centric project management, such as the number of customer and industry expert interviews conducted, the number of pilot customers in the incubation phase, and the number of full-time equivalents assigned to a sprint.

The biggest potential for growth and cost savings was identified in the field of data science, leading Clariant to establish a dedicated competence center for data science that will focus on data intelligence and process simulations as part of Group Process Technology. In conjunction with Clariant’s high-throughput experimentation team, the new data science center will increase the speed and quality of both digital and non-digital product and service developments. The influx of new ways of working in digital and innovation teams in general have also impacted other areas. Agile work organization in sprints is expected to gain importance throughout the company.

Circular Economy

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Increasing awareness of planetary resource limits has highlighted the circular economy as a necessary alternative to the current linear economic model. The circular economy is driven by policy objectives linked to climate change, environmental protection, and resource efficiency, as well as resource scarcity. Policy examples include the European Union Plastic Strategy and the waste ban in China. In addition, the circular economy promotes the opportunity to reinvent today's unsustainable take-make-dispose economy, and its associated production and consumption patterns.

Clariant is committed to supporting the transition toward a circular economy and is engaged in projects and activities that promote a more resource-efficient and sustainable society. Unnecessary material losses throughout the life cycle of products negatively impact business competitiveness and the environment. In contrast, the ongoing circulation of materials and products benefits both business and the environment. A circular economy has the potential to support additional business opportunities and product or service developments given emerging regulations and customer markets that are advancing on circular business models.

Within Clariant's operations, opportunities for advancing the circular economy include energy, materials, and other resources that affect operational efficiency and costs. Company efforts in the field are closely linked to its environmental-protection and resource-efficiency objectives. The circular economy goes beyond Clariant's own operations, however, and includes analyzing the life cycle of products and business models to support a more circular *society* that uses less, while reusing and recycling more. Supporting a circular economy thus has a strong value-chain orientation, seeking to connect waste-material loops and linking directly to innovations driven by sustainability considerations.

Read more: [Management Approach](#), [Product Stewardship/Sustainable Chemistry](#)

103-2 The Management Approach and its components

Opportunities offered by an increasingly circular economy are evaluated across several company functions. Among them are Corporate Sustainability and Regulatory Affairs (CSRA), Group Technology and Innovation (GTI)—especially its New Business Development function (NBD)—as well as the different Business Units.

Clariant's contributions to a circular economy are manifold. They include continuously increasing eco-efficiency of production processes, choosing waste and renewable resources instead of virgin or fossil resources where suitable, process redesign, reducing water and energy use, closed-loop recycling on sites, industrial symbiosis, and value-chain clusters. The optimization is further driven by the 2025 environmental targets, which are being reported under the topic Environmental Protection and Resources.

Read more: [Management Approach](#), [Environmental Protection and Resources](#)

Promoting a circular economy is fueled by the development of new products and technologies. Clariant's wide range of innovative detergents, stabilizers, pigments, and masterbatches supports obtaining higher-value plastics from recycling streams, while other products are focused on increasing durability of materials.

Read more: [Integrated Report](#), [Circular Economy](#)

103-3 Evaluation of the Management Approach

Clariant reviews risks and opportunities associated with the circular economy as part of the corporate strategy management process. This structured approach further outlines, anchors, and advances the topic within Clariant's Business Units.

GRI 301:2016 Materials

301-1 Materials used by weight or volume

✓ PwC
in m t

	2015	2016	2017	2018 ¹
Total weight or volume of materials that are used to produce the organization's primary products and services during the reporting period	3.97	4.48	4.86	4.6
Total production	3.66	4.09	4.6	4.34

¹Every three years, Clariant validates the production volume from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

301-2 Recycled input materials used

Clariant tries to use recycled materials in production wherever possible. However, the percentage is low due to the nature of the production process, as recycled raw materials often cannot be used due to purity or safety standard requirements.

301-3 Reclaimed products and their packaging materials

When supplying customers, Clariant provides mostly reusable packaging, which can be returned to Clariant for cleaning and reuse. Other products are shipped as bulk goods in tank trucks and rail tank cars or silo trucks. To the extent possible, non-reusable packaging is recycled for material purposes or, especially in the case of hazardous materials, used to generate energy.

MATERIAL TOPICS – ADVANCE

Employee Engagement

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Employee engagement and retention programs improve Clariant's internal and external reputation as an attractive employer, increasing interest of potential candidates. These programs reduce employee turnover, mitigate early-leaver risks, lower cost per hire, and hence support Clariant's overall cost-saving targets.

103-2 The Management Approach and its components

Clariant carefully manages employee engagement in order to be an employer of choice, attracting top talent and helping the business deliver lasting results. The words of Clariant's new CEO Ernesto Occhiello set the stage: »We offer exciting opportunities to make a difference to our environment and the people around us. Driven by our focus on Innovation and R&D, we develop and deliver innovative and sustainable solutions for our customers, making Clariant a great company to work with.«

Knowing that real performance excellence comes from challenged, empowered, and rewarded teams, Clariant continuously strives to increase its engagement levels worldwide. Its strategies for employee engagement include focusing on strong and authentic leadership, recognition programs, career opportunities, and personal development. Employee engagement is a responsibility of each leader in the organization, as the strongest drivers of engagement are trust in the leadership team, a motivating work environment and atmosphere, and a vision that employees can identify with. Clariant's Human Resources Department supports line managers to provide transparency regarding career options and development opportunities.

In 2018, Clariant updated its Employment Policy, which establishes key principles and minimum standards for working conditions and labor practices. These are crucial to ensure a fair, transparent, and discrimination-free work environment. The policy is globally applicable and must also be applied by employment agencies and contractors doing business with Clariant. The framework underscores Clariant's commitment to its six corporate values: Drive for Excellence, Disciplined Performance Management, Deliver to Promise, Courageous and Decisive Leadership, Lived Appreciation, and Corporate Responsibility.

Clariant has a comprehensive recognition program in place that enhances employee engagement through [appreciation](#) and fosters Clariant's feedback culture. The program includes monetary recognition awards for outstanding achievements and non-financial awards that encourage employees to recognize efforts and contributions of their peers and supervisors in the form of vouchers or presents.

The new Global Benefits Policy contains key elements to be covered within local benefit programs, including benefits related to retirement, flexible work arrangements, death, travel, accident, health, and well-being. The policy was developed based on the input received through the global benefit survey conducted in 2018. It does not stipulate a one-size-fits-all program, but acknowledges country-specific circumstances.

Read more: [Integrated Report](#), [Employee Engagement](#)

103-3 Evaluation of the Management Approach

Based on the materiality assessment conducted in 2017, Clariant reviewed its management approach for the material topic Employee Engagement and identified improvement opportunities, such as a more systematic involvement of Business and Service Units in engagement activities.

To evaluate employee engagement, Clariant conducted a »Pulse Survey« among a group randomly selected from the global workforce in 2018. Compared to former engagement surveys, the new format covers more strategic and Clariant-specific topics, such as strategy, vision, and change, and asks for concrete reasons why people want to work for Clariant. The survey results are used for organizational development and help Clariant position itself as an employer of choice. Through targeted action-planning, Clariant improves employee engagement over time. In future »Pulse Surveys,« Clariant will involve the different Business and Service Units more systematically in order to ensure that the specifics of each Unit are sufficiently considered. A global »Pulse Survey« will be conducted biennially.

Apart from the survey, Clariant tracks employee turnover and compares it to industry benchmarks to detect decreases in employee retention.

GRI 202:2016 Market Presence

202-1 Ratios of standard entry-level wage by gender compared to local minimum wage

Clariant pays wages and salaries that are determined by local relevant competitive market data rather than by legally defined minimum wages. (However, minimum wage standards are always adhered to.) Therefore, Clariant does not keep statistics of the salaries in relationship to minimum wages.

202-2 Proportion of senior management hired from the local community

✓ PwC	2017	2018
Percentage of senior management at significant locations of operation who are hired from the local community	75%	57% ¹

¹A new methodology for calculating this number was introduced in 2018.

At the end of 2018, 57% of all senior managers (Executive Committee and top four management levels) were citizens of or had an indefinite right to reside in the country where they were employed. Within the European Union, nationalities of all member states are considered »local«.

GRI 401:2016 Employment

401-1 New employee hires and employee turnover

✓ PwC	2016	2017	2018
Total number of new employee hires	1 675	1 983	2 142
Male	1 094	1 412	1 453
Female	581	571	689
Under 30	883	969	985
30-50	731	922	1 045
Over 50	61	92	112
Europe	613	622	751
Latin America	349	341	359
Middle East/Africa	70	130	93
North America	214	402	436
Asia/Pacific	429	488	503
Employees who left	1 898	1 991	2 047
Male	1 269	1 448	1 515
Female	629	543	532
Under 30	610	603	540
30-50	864	893	970
Over 50	424	495	537
Europe	647	658	588
Latin America	381	400	358
Middle East/Africa	101	90	142
North America	236	424	536
Asia/Pacific	533	419	423
Turnover rate (%)	10.7	11.0	11.1

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Clariant's benefit programs are offered according to local market practices and cover common elements, such as retirement, travel, flexible work, accident, death, health care and well-being, among others.

No intentional differentiation is made in the company benefits provided by Clariant according to the type of employment contract, but this does not exclude differences depending on the individual case and local circumstances. The deciding criterion in this case is the customary market standard.

401-3 Parental leave

✓ PwC	2017	2018
Total number of employees who were entitled to parental leave, by gender	17 687	17 382
male	13 986	13 613
female	3701	3 769
Total number of employees who took parental leave, by gender	644	732
male	482	464
female	162	268
Total number of employees who returned to work in the reporting period after parental leave ended, by gender	611	689
male	477	466
female	134	223

In 2012, Clariant initiated a program to promote more family-friendly job opportunities. As part of this program, all mothers are guaranteed a comparable position upon their return to work for up to one year following the birth or adoption of a child. For the two years following the birth or adoption, Clariant grants mothers ten days of paid leave for family purposes, in addition to their standard annual vacation. Correspondingly, this provision is available to fathers as well. Considering that all permanent employees of Clariant are theoretically entitled to this provision, this would extend to all 13 613 males and 3 769 females for 2018. In 2018, 268 mothers and 464 fathers took advantage of this opportunity. In the same year, 689 employees returned to their workplaces, of which 233 were female and 466 were male.

GRI 402:2016 Labor/Management Relations

402-1 Minimum notice periods regarding operational changes

Employees are promptly informed of all significant operational changes by the company. In addition to regular and ad hoc information provided to all employees via the intranet as well as information letters from the CEO and management in all relevant languages, the company complies with all local statutory and operational requirements regarding the provision of information to employee representatives and employees. Moreover, corporate information sessions such as town hall meetings are regularly held.

GRI 405:2016 Diversity and Equal Opportunity

405-1 Diversity of governance bodies and employees

✓ PwC	2017	2018
Percentage of individuals within the Board of Directors		
male	69%	75%
female	31%	25%
30-50	23%	8%
over 50	77%	92%

✓ PwC	2017		2018	
	Male	Female	Male	Female
Number of employees by age group (FTE)				
under 30	1 864	699	1 832	743
30-50	8 547	2 341	8 304	2 360
over 50	3 919	765	3 870	792

✓ PwC	2017		2018	
	FTE	Percent	FTE	Percent
Breakdown of employees by nationality				
German	4 593	25.3%	4 619	25.8%
Indian	1 857	10.2%	1 864	10.4%
Chinese	1 213	6.7%	1 284	7.2%
Brazilian	1 142	6.3%	1 116	6.2%
Indonesian	716	3.9%	726	4.1%
Mexican	583	3.2%	598	3.3%
Italian	540	3.0%	529	3.0%
French	524	2.9%	488	2.7%
Spanish	409	2.3%	414	2.3%
Turkish	436	2.4%	400	2.2%
Polish	313	1.7%	347	1.9%
Japanese	266	1.5%	269	1.5%
Colombian	220	1.2%	261	1.5%
Argentinian	218	1.2%	230	1.3%
Malaysian	191	1.1%	189	1.1%
South African	182	1.0%	189	1.1%
Thai	185	1.0%	181	1.0%
Ukrainian	150	0.8%	152	0.8%

✓ PwC Breakdown of employees by nationality	2017		2018	
	FTE	Percent	FTE	Percent
Swiss	224	1.2%	138	0.8%
Others (incl. North America, for whom no nationality data is recorded)	4 174	23%	3 908	21.8%

✓ PwC	2018
Total management functions	819
male	688
female	131
Senior management functions	248
male	219
female	29
Junior management functions	571
male	469
female	102

405-2 Ratio of basic salary and remuneration of women to men

With regard to the zero-tolerance approach of Clariant against any form of discrimination, regional and local HR departments work toward ensuring avoidance or elimination of any discriminatory practices in work-related activities, particularly regarding remuneration, training, vocational guidance, and social security. Globally, the average basic salary of female employees was 96% of that of the average male employee in 2018.

Human Rights

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Respecting human rights is key to sound business governance and to promoting socially sustainable growth. Clariant is committed to supporting human rights, both in its own operations and in its supply chain. It expects suppliers and business partners to maintain the same high human rights standards, as this is a prerequisite for any company's license to operate.

103-2 The Management Approach and its components

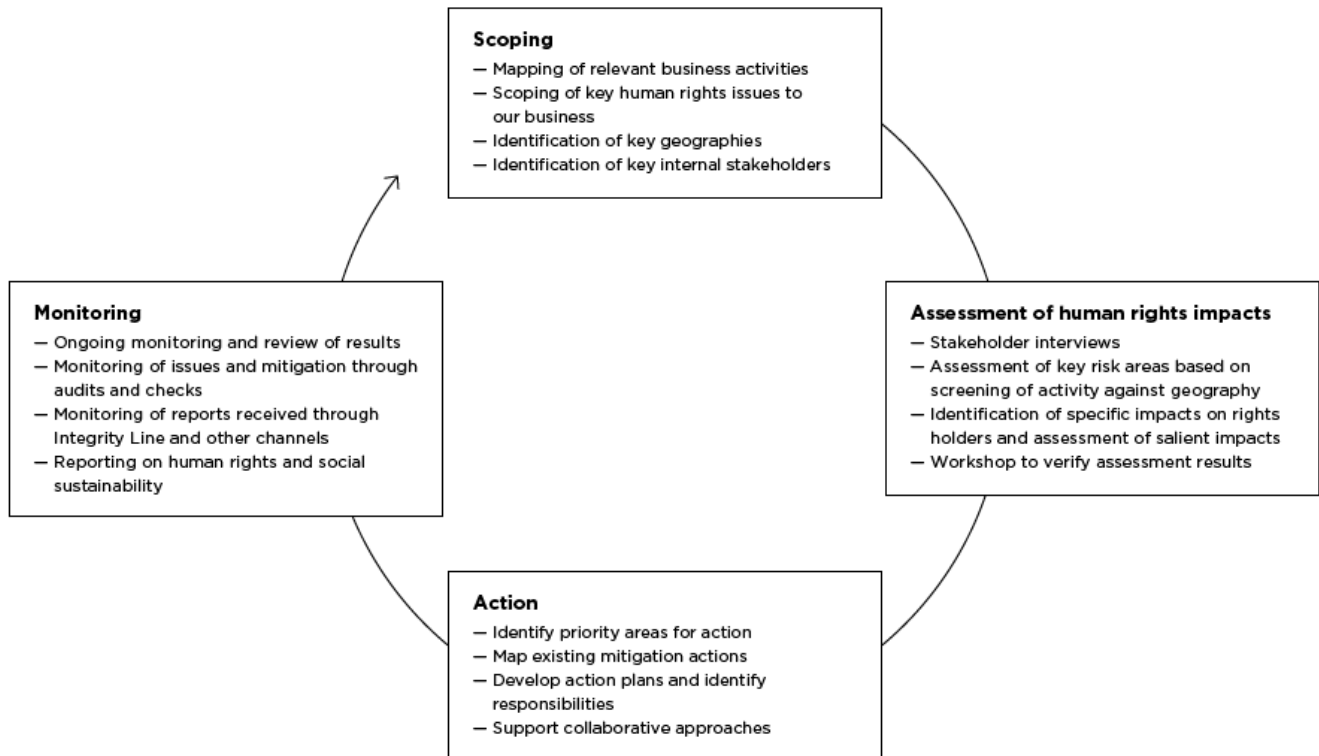
Under the lead of Corporate Sustainability and Regulatory Affairs (CSRA), the Human Resources, Legal, and Procurement Departments have a shared responsibility for managing human rights.

Clariant's commitment to respecting human rights is enshrined in its Human Rights Policy Statement, adopted in 2015, in which Clariant reaffirms its commitment to the United Nations Human Rights Declaration and the ILO Declaration on Fundamental Principles and Rights at Work. The policy statement applies to all direct operations and activities, and articulates a clear expectation of suppliers and contractors to uphold the same standards.

In addition, requirements regarding key human rights principles are included in Clariant's Code of Conduct, the Code of Conduct for Suppliers, and the Employment Standards Guidelines, which protect workers' rights with regard to non-discrimination, forced labor, child labor, fair working conditions, freedom of association, privacy, effective remedies, and workplace health and safety. The Code of Conduct is binding for Clariant's direct operations, including all joint ventures that are controlled by Clariant or in which it holds a majority interest. The Code of Conduct for Suppliers extends to Clariant's suppliers and their contractors. The rights of community members—particularly regarding environmental health and safety—are a key priority for Clariant. Thus, it protects them with a comprehensive set of binding environmental, health, and safety rules.

Clariant is a signatory to the UN Global Compact. It also strongly supports collaborative initiatives that promote sustainability and respect for human rights across the industry as a member of Together for Sustainability (TfS) and the Roundtable on Sustainable Palm Oil (RSPO).

In 2016, Clariant carried out a human rights due diligence assessment with the support of external human rights experts to evaluate the potential human rights impacts of its operations and activities, as well as the effectiveness of the management and monitoring systems in place. The accompanying graph illustrates the key elements of the due diligence process.



Through a series of interactive working sessions, several key functions and departments prioritized activities based on their scale and relevance to the business and their probability of having adverse effects on the human rights of workers, communities, and other groups. A human rights assessment was carried out for a number of priority activities, integrating both internal and external risk factors, such as complex subcontracting arrangements and vulnerabilities of specific groups, as well as aggregate human rights risk levels of countries and industries. The evaluation of environmental and social impacts, as well as labor rights in Clariant's own operations and along its supply chain, played an important role in determining to what extent Clariant appropriately mitigates adverse human rights impacts.

The assessment found that Clariant has a comprehensive set of policies, guidelines, and processes in place to ensure the implementation of its human rights commitments. In addition, it found that specific mitigation actions had been conducted for some of the high-risk areas identified in the human rights impact assessment. The assessment further concluded that Clariant's potential human rights impacts primarily relate to contract labor and the supply chains for natural raw materials, particularly in geographies with weak national legal frameworks.

Building on this assessment, in 2017, Clariant carried out a review of the legal requirements, conditions, and control measures related to contract labor in India. The review found that the country organization is well aware of the legal requirements and has implemented a clear and comprehensive process, supported by detailed evidence, checklists, and regular exchanges with authorities.

Addressing and closing the identified gaps in Clariant's mitigation framework is a priority in the coming years. Clariant focuses on securing the same requirements for contract labor that are applied by employment agencies and contractors. Regarding the supply chain, Clariant will continue to address supply chain risks based on the geographical origin of particular raw materials to gain a better understanding of potential human rights impacts, especially in high-risk countries.

Read more: [Integrated Report](#), [Human Rights](#)

103-3 Evaluation of the Management Approach

Clariant relies on well-established management and monitoring systems that enable the company to detect and mitigate potential human rights risks. In the future, Clariant will further align and streamline its activities and review the need for additional internal human rights training. The evaluation of the management approach includes benchmarking against Clariant's peers, using external benchmarks such as the Dow Jones Sustainability Index, and participating in external networks, discussions, and report reviews.

GRI 406:2016 Non-discrimination

406-1 Incidents of discrimination and corrective actions taken

✓ PwC	2016	2017	2018
Total number of incidents of discrimination during the reporting period	4	3	3

In 2018, Clariant was made aware of three cases, all of which have been reviewed. For one case, remediation actions were implemented.

GRI 407:2016 Freedom of Association and Collective Bargaining

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Clariant supports freedom of association. As part of this, it respects the right of employees to join unions and to be represented by representatives of these unions internally and externally in accordance with the applicable national or local laws and practices. The same standard is applicable for suppliers. As laid down in the Code of Conduct for Suppliers, they must observe the

right of their employees to strike and to be members of trade unions. Clariant knows of no cases in which freedom of association or the right to collective bargaining has been seriously jeopardized or breached.

Clariant is assessing its suppliers in relation to freedom of association, among other social, governance, and environmental topics, together with other companies via the Together for Sustainability (TfS) platform. For more information, please see [disclosure 308-1](#). In 2016, Clariant also launched a human rights due diligence assessment that continued in 2018 with mitigation activities.

Read more: [Management Approach, Human Rights](#)

GRI 408:2016 Child Labor / GRI 409:2016 Forced or Compulsory Labor

408-1 Operations and suppliers at significant risk for incidents of child labor / 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

Clariant condemns all forms of child labor and respects the rights of children. Consequently, HR ensures by appropriate processes and practices that minimum age provisions of national labor laws and regulations are adhered to, and adequate and verifiable mechanisms for age verification at Clariant workplaces are used by local HR. ILO convention numbers 138 and 182 are expressly acknowledged as the minimum standard. Clariant is not aware of cases of child labor in the company or with its suppliers. Similarly, Clariant rejects any form of forced labor or slavery and is not aware of any cases of forced labor or slavery in the company.

Clariant is assessing its suppliers in relation to child and forced labor, among other social, governance, and environmental topics, together with other companies via the Together for Sustainability (TfS) platform. For more information, please see [disclosure 308-1](#). In 2016, Clariant also launched a human rights due diligence assessment that continued in 2018 with mitigation activities.

Read more: [Management Approach, Human Rights](#)

GRI 412:2016 Human Rights Assessment

412-1 Operations that have been subject to human rights reviews or impact assessments

Clariant monitors and manages human rights impacts, both in its own operations and in supply chains, and works to make sure that there is no contribution, knowing or unknowing, to any adverse human rights impacts. Clariant assessed all of its operations globally in a human-rights due-diligence review.

For details on Clariant's commitments, the process, and findings, please see the [Human Rights Management Approach](#) and [Clariant's Human Rights webpage](#).

Furthermore, Clariant established the »Clariant Integrity Line« to enable people to bring to our attention any concerns they may have. The Integrity Line is a channel through which all violations against the Code of Conduct can be reported, including discrimination or violations of human rights.

412-2 Employee training on human rights policies or procedures

E-learning modules are mandatory for all employees. Participation in these training courses, which cover different topics or themes of the Code of Conduct, is registered, and defaulters receive a warning. The code is available in all relevant national languages.

412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

All investments with a total volume of more than CHF 1 million must be approved by the Investment Subcommittee of the Executive Committee (EC). The subcommittee makes its decision based on financial, strategic, and sustainability criteria, the latter of which also includes human rights aspects.

Ethics and Compliance

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Clariant aspires to be perceived by its stakeholders as a world-class, high-performance company and a reliable partner that acts with the utmost integrity. Clariant believes that sustainable business success is closely linked to compliance with laws, regulations, and ethical standards. Clariant's stakeholders and society at large do not tolerate bribery and corruption from a reputable and sustainable company. Applying the highest standards of diligence and compliance with all rules and regulations is thus essential for long-term business success, not only in Clariant's own operations, but also with respect to the third parties acting on behalf of Clariant.

103-2 The Management Approach and its components

Clariant's Business Units are responsible for managing business ethics and compliance in their daily operations. Group Compliance and Group Legal Services provide support to the businesses to achieve adherence to Clariant's highest ethical standards, gain trust from its stakeholders, and ensure an impeccable reputation in the market place. The Strategic Ethics & Integrity Roadmap, with its five-pillar approach, provides guidance to achieve this objective by combining a leadership program, legal and compliance risk management, training and communication, standards and controls, as well as program measurement, auditing, and monitoring. Regular reporting on the delivery of the Roadmap, as well as updates on individual measures, cases reported, and remediation taken, is provided to the Ethics and Risk Management Committee (ERMC), which was established as a Subcommittee of the Executive Committee. In 2019, Clariant will fully roll out the Strategic Ethics & Integrity Roadmap.

Another central instrument to ensure ethical behavior is Clariant's Code of Conduct, which contains ten compliance principles. They require all employees to refrain from conflicts of interest, active or passive bribery, insider trading, antitrust violations, money laundering, account fraud, disclosure of confidential information, and abuse of business assets for private interests; to prevent environmental hazards; and to abstain from discrimination and harassment. Clariant does not tolerate any violation of the Code of Conduct. All employees are required to participate in a training session (via e-learning or in person) on the Code of Conduct.

All employees are encouraged to confidentially report noncompliant behavior to the Ethics & Integrity organization. An important channel through which all violations against the Code of Conduct and any workplace-related compliance issue can be reported is the »Clariant Integrity Line.« In close collaboration with the Ethics & Integrity Team, the global Human Resource Case Manager organization within Group Human Resources takes care of any substantiated concern.

Besides its globally applicable Anti-Bribery and Corruption Policy and the Gift Policy, Clariant developed local policies regarding gifts, entertainment, and community engagement work. These were introduced for Japan in 2017 and Indonesia and Brazil in 2018. Clariant focuses on advancing the implementation of its policies and procedures related to bribery and corruption and ensuring adherence by third parties acting on behalf of or representing Clariant.

Clariant offers regular e-learning courses on bribery and anti-corruption. In addition, it adopted various globally applicable guidelines on antitrust law and in 2010 implemented a global training policy on antitrust law, including e-learning and classroom training courses. Clariant also conducts »Leader-led Compliance Sessions,« which provide a forum to discuss ethical dilemmas that emerge in daily business practices. These sessions will be made mandatory and rolled out to all managers who have direct reports.

Following the coming into force of the General Data Protection Regulation (GDPR) of the European Union, Clariant rolled out a Data Privacy Program in 2018, consisting of a policy framework and a dedicated e-learning program.

Read more: [Integrated Report, Ethics and Compliance](#)

103-3 Evaluation of the Management Approach

Clariant designed a five-pillar strategy with a detailed three-year plan, including key performance indicators that are tracked as of 2018. These indicators will be further evaluated to continuously improve the effectiveness of Clariant's approach.

Both the Executive Committee as well as the Audit Committee were involved in the final revisions of the indicator set and formally approved the strategy. The Executive Committee is updated quarterly and the Audit Committee biannually on the progress and further measures to be taken.

Clariant also has a due diligence process in place to vet distributors and agents. The process ensures that they are neither involved in any form of bribery or compliance violation nor appear on a sanction list. It further verifies that they have an appropriate compliance framework in place and otherwise have access to a relevant training program provided by Clariant.

Clariant's investigation and remediation process applies to all reported concerns and breaches of the Code of Conduct. Corporate Functions (Group Compliance, Group HR, Corporate Auditing, ESHA, and other functions, where appropriate) are responsible for the investigation, and Compliance Committees (regional or Group level) are responsible for remediation. In 2018, Clariant received 104 reports, of which 71 are alleged breaches of the Code of Conduct. Of these, 37 cases were related to business integrity and 20 cases were related to treatment of employees. Among the cases not related to the Code of Conduct, 5 were related to Health & Safety or Environmental violations, 9 were "ask a question" and 5 could not be classified.

The Clariant Code of Conduct will be subject to review in 2019 to reflect the change in mindset and culture.

GRI 205:2016 Anti-corruption

205-1 Operations assessed for risks related to corruption

✓ PwC	2017	2018
Percentage of Board members informed about anti-corruption policies	50%	50%
Percentage of employees informed about anti-corruption policies	60%	40%
Percentage of business partners informed about anti-corruption policies	50%	40%
Percentage of Board members who received anti-corruption training	45%	50%
Percentage of employees who received anti-corruption training	60%	30%
Percentage of employees who received compliance training	60%	45%

Corruption risks are investigated as part of the ongoing internal auditing of Clariant. The Ethics and Integrity Function is also performing targeted risk assessments in the Business Units with a higher risk exposure. To prevent corruption risks, Clariant conducted business reviews of high-risk businesses in high-risk environments with high-risk customers, and as of 2019, the company will explore job rotations for exposed functions.

205-2 Communication and training about anti-corruption policies and procedures

In 2018, Clariant continued anti-corruption training throughout the entire organization through both e-learning courses and classroom-based (face-to-face) courses to avoid possible violations of the Code of Conduct. Training is group-specific, based on cases, and modern training tools are used (films, comics, etc.). It is mandatory for all employees of the target group, and non-participation is reported.

E-learning courses

In 2018, Clariant initiated a specific anti-corruption e-learning module.

Face-to-face training courses

Special target groups received further face-to-face training courses on various topics, for example, regarding competition and antitrust law. In 2018, this training was administered to many employees in all regions. New employees were also familiarized with our Code of Conduct and ABC Policy. An awareness campaign was also launched to demonstrate the appropriate attitude and tone regarding anti-corruption from the top of the company.

205-3 Confirmed incidents of corruption and actions taken

In 2018, there were nine allegations regarding bribery, corruption, and kickbacks brought forward. They led to disciplinary actions against 15 employees. In six cases, the responsible employee was dismissed.

There were no legal proceedings against Clariant or its employees for alleged corruption. In addition, Clariant terminated relationships with six business partners (agent, distributor, or consultant).

GRI 206:2016 Anti-competitive Behavior

206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices

In 2018, Clariant was still subject to an ongoing competition law investigation by the European Commission into the ethylene purchasing market, which had started in 2017. The company is assisting the relevant authorities and cannot comment further on the details of the ongoing investigation. In 2018, there were no further reported legal actions for anti-competitive behavior or antitrust or monopolistic practices. Clariant reports significant legal actions in its Integrated Report.

GRI 419:2016 Socioeconomic Compliance

419-1 Non-compliance with laws and regulations in the social and economic area

Clariant was not aware of any cases in the year under review in which the company was accused of not having acted in compliance with laws, regulations, and voluntary codes of practice. Consequently, no significant fines or non-monetary penalties for failure to comply with legal regulations were levied.

Climate Change

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Clariant proactively manages climate change-related risks, such as physical, regulatory, and reputational risks, to achieve cost reductions through the optimization of operational efficiency and to remain competitive with regard to energy and material costs. In addition, in light of increasing demand for climate-friendly products, Clariant's climate strategy includes developing innovative solutions for particular markets. These solutions help maintain or increase Clariant's customer base and enhance the company's reputation.

Climate change is relevant for Clariant's own operations, its supply chains, and the entire life cycle of its products. Ultimately, if global warming cannot be stopped at a safe level, society at large and thus Clariant's business will be seriously impaired.

103-2 The Management Approach and its components

Responsibility for ensuring the management of climate change lies within Corporate Sustainability & Regulatory Affairs (CSRA), whose Head reports directly to the Executive Committee. CSRA works closely with other relevant corporate functions, such as Group Technology & Innovation and Group Procurement Services, as well as Business Units that are developing low-carbon and climate-friendly solutions to respond to societal challenges and customer needs.

To reduce its climate impacts, Clariant is pursuing its 2025 environmental targets. Compared to 2013, the company is aiming to reduce energy consumption and direct CO₂ emissions by 30% and emissions from greenhouse gases by 35%. These reduction targets are an integral part of Clariant's planning and investment strategy.

Read more: [Integrated Report, Progress towards environmental targets 2025](#)

Beyond Clariant's commitment to emission reductions, the company is running successful initiatives related to energy management, such as the Clariant Production System's Yield, Energy, Environment (YEE) initiative and eWatch, an energy efficiency program that identifies savings potential through detailed analysis of energy consumption across operations.

Read more: [Integrated Report, Customer to Cash](#)

Finally, Clariant actively contributes to the fight against climate change through its innovative and sustainable product offerings across all four business areas. Clariant's Portfolio Value Program (PVP), a key initiative to make sustainability integral to the product portfolio, also features climate change-related criteria, such as raw material sourcing, material efficiency, energy consumption, and associated emissions. Clariant's EcoTain® label takes current and future societal trends into account by identifying products that provide best-in-class solutions to address challenges presented by sustainability topics such as climate change.

Read more: [Integrated Report, Climate Change](#)

103-3 Evaluation of the Management Approach

To evaluate the effectiveness of its management approach, Clariant monitors the development of its climate impacts by collecting environmental key figures on energy consumption and direct and indirect greenhouse gas emissions across Business Units, thereby measuring the trajectory toward achieving the 2025 targets. Clariant is well on track to meet these ambitious objectives.

In view of growing expectations of external stakeholders, Clariant verified and reported its Scope 3 emissions for the first time, in order to strengthen the development of a holistic climate strategy. The strategy will include measuring potential impacts of climate-specific risks, deploying additional mitigation measures, further reducing emissions in operations, analyzing cleaner energy alternatives, and fostering collaboration opportunities in the value chain.

GRI 305:2016 Emissions

305-1 Direct (Scope 1) GHG emissions / 305-2 Energy indirect (Scope 2) GHG emissions / 305-4 GHG emissions intensity

✓ PwC	2015	2016	2017	2018 ¹
Total emission (in m tCO₂e)	0.85	0.89	0.97	0.93
in kg/t production	232	218	211	215
Gross direct (Scope 1) GHG emissions (in m tCO ₂ e)	0.4	0.41	0.44	0.43
Direct emission (Scope 1) in kg/t production	109	101	95	98

¹Every three years, Clariant validates the production volume from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

✓ PwC	2015	2016	2017	2018 ¹
Gross location-based energy indirect (Scope 2) GHG emissions (in m tCO ₂ e)	0.45	0.48	0.53	0.51
Indirect emission (Scope 2) in kg/t production	123	117	116	117

¹Every three years, Clariant validates the production volume from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

The direct greenhouse gas emissions, which result largely from the carbon dioxide emissions (CO₂) of the combustion processes operated by Clariant, are directly proportional to the amount of carbon in the fuels used. Emissions of other greenhouse gases like methane and nitrous oxide (N₂O) are measured locally and integrated into the consolidated calculation of greenhouse gas emissions. Indirect greenhouse gas emissions result from external energy procurement, predominantly in the form of electricity and steam.

Indirect greenhouse gas emissions are predominantly generated by external energy procurement, usually in the form of electricity and steam, and thereby almost exclusively CO₂. Their emergence correlates closely with the amount produced and are less influenced by Clariant than direct emissions.

To calculate Scope 1 emissions, stoichiometric emission factors of the respective primary fuels are used. For Scope 2 emissions, either specific emission factors from the local providers are used, or country grid factors, which are published by the GHG Protocol. Also, for internal and ISO 50001 reporting, the eWATCH team calculates site-specific conversion factors for energies and utilities used on-site, which is done in close interaction with the energy managers from the sites. Calculated conversion factors help benchmark the CO₂-intensity of different energies and utilities and can point to potential operational improvements.

The amount of all greenhouse gases (expressed in CO₂ equivalents) decreased from 0.97 million t to 0.93 million t, mainly due to the reduced production volume in 2018 (-5.5%), which also increased the emission intensity from 211 to 215 kg per manufactured ton of production.

305-3 Other indirect (Scope 3) GHG emissions

As part of its reporting for the Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project (CDP), Clariant has reported Scope 3 emissions for its most relevant activities: purchased goods, fuel- and energy-related activities (not included in Scope 1 or 2), upstream and downstream transportation and distribution, and end-of-life treatment of sold products. The calculation method is in line with the »Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain« from the World Business Council for Sustainable Development (WBCSD) and the GHG Protocol.

✓ PwC	2017	2018
Gross indirect (Scope 3) GHG emissions (in m tCO₂e)	5.21	5.69
Purchased goods and services	3.31	3.58
Fuel- and energy- related activities (not included in Scope 1 or Scope 2)	0.30	0.27
Upstream transportation and distribution	0.13	0.17
Downstream transportation and distribution	0.34	0.37
End-of-life treatment of sold products	1.14	1.30

305-5 Reduction of GHG emissions

In 2018, more than 180 projects delivered energy and CO₂-reduction benefits, mostly within Clariant's eWatch program and Yield, Energy, Environment (YEE) initiative. Through eWATCH, Clariant crafted a comprehensive energy-efficiency program that analyzes energy consumption across operations and identifies potential cost-saving opportunities. Since 2013, a total of CHF 26.7 million was saved by implementing energy-efficiency measures and energy-purchasing optimizations. In 2018, Clariant managed to save CHF 3.85 million.

The Production System YEE initiative analyzes Clariant's production processes and units to discover even more opportunities to increase yields, improve energy efficiency, and reduce waste streams. Since its inception in 2012, Clariant achieved savings with the YEE of more than CHF 50 million. In 2018 alone, savings amounted to CHF 6 million.

305-6 Emissions of ozone-depleting substances (ODS)

Ozone-depleting substances are no longer used by Clariant. Cooling agents, if relevant, are now reported under greenhouse gases.

305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions

✓ PwC

Significant air emissions in tons, for each of the following:

	2015	2016	2017	2018 ¹
Total inorganic emissions	967	973	930	847
NO _x	576	512	634	618
SO _x	310	379	241	180
Hydrogen chloride HCl	57	58	40	33
Ammonia NH ₃	24	24	14	16
Total organic emissions (VOCs)	184	156	208	439
Particle emissions (fine particles)				
in t	242	225	380	294
in g/t production	66	55	83	68

¹Every three years, Clariant validates the production volume from all production sites. The last full reporting campaign was in 2017. In interim years, including 2018, the reduced reporting scope comprises the larger sites responsible for 95% of production.

To calculate emissions, standard emission factors are used, which are based on stoichiometry and common waste gas treatment techniques. Where possible, more specific local factors are used.

Policy and Stakeholder Relations

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

An open, transparent, and trustworthy dialog with all stakeholders is essential for Clariant. Building networks and relationships within the chemical industry, as well as with policymakers and other stakeholders such as non-governmental organizations (NGOs), helps Clariant anticipate and mitigate risks driven by regulatory or stakeholder pressure, identify business opportunities, and create competitive advantages.

Clariant believes that participating in policy dialog is an important element of corporate responsibility. Thus, in line with the company's strategy and business objectives, Clariant contributes to policy development in relevant areas such as chemical management and substitution, climate change, energy, bio-economy, circular economy, competitiveness, trade, and innovation.

The topic is not only relevant for Clariant's operations and value chains, but also impacts its public outreach, for example, via trade associations, to position the company and the chemical industry on strategic policy areas.

103-2 The Management Approach and its components

The overall responsibility for policy and stakeholder relations is assigned to Corporate Sustainability & Regulatory Affairs (CSRA). At the local level and within certain sectors, the Business Units and regional organizations have a responsibility to maintain and engage in the policy dialog, as they are well-positioned to understand and address the local and sector-specific challenges and stakeholder networks.

Clariant follows several avenues to contribute to public policy development. It periodically publishes position papers and responds to public stakeholder consultations and surveys. Clariant also anticipates and goes beyond regulatory requirements to abide by its ambitious sustainability commitments, and promotes policy development and stakeholder relations accordingly.

The engagement of Clariant representatives in trade associations and other platforms supports strategic alignment across the industry, provides an opportunity for exchange on industry perspectives and best practices, and brings forward Clariant's views and interests.

Clariant has implemented clear policies for engaging in public policy development, addressing the increasing attention stakeholders and the public pay to such activities. Clariant's Anti-Bribery and Corruption Policy establishes detailed rules for employees' interactions with public officials and political advisors, as well as for charitable contributions and political donations, and forbids any donations to political parties and related organizations. Clariant openly discloses information about its fields of interest and the scope of public affairs activities, for example, in the »Transparency Register« of the European Commission.

Other activities include active participation in associations, such as the European Chemical Industry Council (Cefic), national chemical associations, and sectorial business associations, and ad hoc collaborations with NGOs. Specific advocacy activities were implemented on regulatory dossiers, for example, in the context of the revision of the EU Renewable Energy Directive. Clariant actively supported an ambitious blending target for second-generation biofuels.

Read more: [Integrated Report, Policy and Stakeholder Relations](#)

103-3 Evaluation of the Management Approach

Clariant's advocacy activities are strongly linked to the company's growth and sustainability strategy. In the context of its advocacy strategy, which is currently under review, Clariant aims to further strengthen these ties by paying closer attention to topics such as bio-economy, circular economy, and chemical substitution.

Clariant supports the call for increased transparency regarding lobbying activities and political contributions. Through its reporting on the Carbon Disclosure Project (CDP) and the Dow Jones Sustainability Index (DJSI), Clariant discloses the issues it has discussed with policymakers and trade associations that are likely to take a position on sustainability topics such as climate change. Moreover, Clariant performs an annual review of its membership costs and publicly discloses its top membership contributions, as well as the budget allocated to policy memberships.

Clariant's continuous dialog with policymakers, NGOs, and forward-looking industry associations further supports evaluating the effectiveness of its public policy management approach.

GRI 415:2016 Public Policy

415-1 Political contributions

The Clariant Corporate Citizenship Management Policy and the Anti-Bribery and Corruption Policy explicitly exclude donations to political parties. Accordingly, Clariant did not render any donations to parties, politicians, or related organizations in 2018.

Sustainability Performance in the Supply Chain

GRI 103:2016 Management Approach

103-1 Explanation of the material topic and its boundary

Clariant believes that true leadership in sustainability extends beyond the company and its own operations, taking into account sustainability impacts and leveraging sustainability opportunities across the entire value chain and in broader society. Customers, employees, community members, and other stakeholders, including the public, expect companies to understand their wider impact and drive sustainable change and growth. Clariant's sustainability strategy thus also includes its comprehensive and complex supply chains, and all of its suppliers. In order to be a true sustainability leader, it is imperative for Clariant to go beyond its own operations and drive its sustainability strategy across the entire spend on materials and services. Thus, sustainability criteria play a central role in assessing Clariant's performance in supply chain management.

103-2 The Management Approach and its components

As part of Clariant's full commitment to identifying and continuously reducing potential risks and, therefore, enhancing the sustainability performance across its entire end-to-end supply chains, Clariant proactively engages with suppliers to monitor and improve the sustainability performance of materials and services it sources from them.

Clariant Procurement has developed and rolled out the sustainability strategy across all regions and spend categories, covering more than CHF 4 billion of yearly spend. Sustainability is an integral part of Clariant's procurement practices – irrespective of material, geography, or risk potential. Suppliers, outsourcing partners, and service providers are selected and managed based on a comprehensive set of criteria. These benchmarks include not only economic and product-specific performance, but also non-financial and sustainability considerations, such as complaint management, creditworthiness, safety standards, working conditions, and respect for human rights.

Supplier Code of Conduct

The policy cornerstone of Clariant's sustainable procurement approach, the Supplier Code of Conduct, is based on the UN Global Compact and Responsible Care® principles. It was rolled out in 2014 across the entire supply base of more than 22,000 suppliers through written communication and via face-to-face meetings with top suppliers in each region. It is also incorporated in the General Terms and Conditions of Purchase incorporated in every purchase order issued by the procurement organizations. Clariant expects its suppliers to abide by this Supplier Code of Conduct and to make every effort to keep the environmental impact and negative social effects arising from business activities at a minimum. If the Code of Conduct is not embraced by business partners, Clariant retains the right to end business relationships.

Procurement Sustainability Roadmap

Since 2013, Clariant annually develops a Procurement Sustainability Roadmap based on insights, learnings, and feedback gathered in previous years. The roadmap defines focus areas, strategies, and indicators, and is deployed across the entire organization and spend. Roadmap development and delivery processes are coordinated and steered by the Group Procurement Service's Strategy Initiatives and Sustainability Team, which directly reports to Clariant's Chief Procurement Officer.

Targets and Trainings

Yearly supply chain sustainability targets are derived from the Procurement Sustainability Roadmap. In 2018, four out of eight procurement key performance indicators relate to sustainability. They are:

- Joint Business Unit/Procurement targets: increasing spend coverage with sustainability evaluation and decreasing spend with risk suppliers, based on supplier sustainability assessments
- Number of new supplier sustainability assessment scorecards generated
- Number of new sustainability audit reports generated
- Number of Corrective Action Plans completed on high- and medium-risk suppliers identified through assessment scorecards

Each employee working at Clariant Procurement has assigned targets that are tracked and evaluated at the monthly Procurement Management Committee meetings.

To build and continuously update skills in supplier sustainability management and to ensure sustainability is a critical part of the state-of-the-art procurement expertise, Clariant Procurement develops and deploys a Sustainability Capability-Building Program with yearly waves of training sessions and support materials.

Supplier Sustainability Assessments and Audits

By joining the »Together for Sustainability (Tfs)« initiative, Clariant has taken supplier sustainability monitoring and improvement to a best-in-class level.

The Tfs supplier sustainability evaluation covers both materials and services, and is based on standard state-of-the-art methodologies and an approach jointly developed by the procurement leadership and organizations of multinationals of the chemical industry. It is managed through leading external global service providers specialized in sustainability selected and managed by Tfs: EcoVadis for online assessments; DSQ Group, ERM, Intertek, and SGS for on-site audits. The approach developed and implemented by Tfs leverages synergies among the participants and delivers an independent, standardized, and quantitative evaluation of suppliers' sustainability performance and risk profiles. The outsourcing to third-party service providers guarantees process robustness, independence, confidentiality, and conformity with antitrust and competition law. Clariant prioritizes the assessment and audit of suppliers according to country and business risks, global category priorities, and purchase volumes – across its entire spend.

Through Tfs, Clariant has online access to a large number of assessment scorecards and audit reports generated by the external service providers on behalf of all the Tfs members. Regarding the assessments, in addition to an overall score, the scorecards also contain an individual score for the critical dimensions of environment, labor practices, fair business practices, and sustainable procurement. Further, and most importantly, assessment scorecards and audit reports provide detailed feedback on specific improvement areas and guidance on where and how to address the identified gaps. This comprehensive approach and outcome provide Clariant with the basis to engage with its suppliers and agree on ad hoc corrective action plans and, therefore, mitigate sustainability risks and improve sustainability performance in its supply chain.

This allows Clariant to monitor, measure, and improve supplier sustainability performance and identify improvement opportunities against principles laid out in the Supplier Code of Conduct, and embed sustainability as integral part of supplier selection and management.

Read more: [Integrated Report, Sustainability Performance in the Supply Chain](#)

103-3 Evaluation of the Management Approach

Clariant's yearly Procurement Sustainability Roadmap is also based on insights and feedback gathered through external evaluations such as the DJSI RobecoSAM Company Sustainability Benchmark Report and EcoVadis Scorecard, as well as industry benchmarks with best-in-class companies within and outside of the chemical industry, and conference participation. Thus, breadth and depth of the roadmap are continuously enhanced.

In addition to the Dow Jones Sustainability Index World and Europe listing since 2014, Clariant Supply Chain Management was nominated as one of the top ten best supply chain organizations in sustainability across 60 industries by RobecoSAM. Clariant received the highest EcoVadis score of the global chemical industry for the second time in a row. In 2018, Clariant again went through the EcoVadis assessment obtaining a score of 80, a very prestigious milestone that no other peer company in the chemical industry has reached yet. In particular, the score of 80 in Sustainable Procurement places Clariant in the 99.7 percentile, meaning only three companies among 1 000 across any industry reach a better score.

Furthermore, in December 2017, Clariant received the prestigious EIPM Award for sustainability leadership in supply chain.

GRI 204:2016 Procurement Practices

204-1 Proportion of spending on local suppliers

✓ PwC	2016	2017	2018
Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	85.7%	87.4%	88.3%

✓ PwC	2015	2016	2017	2018
RM Procurement by region (in CHF m)	2 252	2 221	2 674	2 948
Of which with local suppliers	1 931	1 904	2 337	2 603
Number of suppliers	5 431	5 222	6 991	6 434
Asia/Pacific	480	510	627	672
Of which with local suppliers	449	479	591	641
Number of suppliers	1 704	1 754	2 800	2 527
Europe	1 097	1 088	1 237	1 340
Of which with local suppliers	960	959	1 122	1 228
Number of suppliers	1 357	1 174	1 690	1 514
Latin America	337	276	307	320
Of which with local suppliers	249	198	209	213
Number of suppliers	784	802	1 092	1 085
Middle East & Africa	60	91	109	106
Of which with local suppliers	32	47	56	57
Number of suppliers	303	247	407	378
North America	278	255	395	510
Of which with local suppliers	241	221	359	464
Number of suppliers	414	445	1 002	930

Clariant's Procurement preferentially sources goods and services from within the region in which its respective operations and manufacturing plants are located, as far as qualitatively compatible, technically feasible, and economically viable. This way, Clariant's activities support the economic development of the regions in which it operates. This is particularly relevant for and encouraged in key emerging markets such as Brazil, China, and India. Clariant defines local suppliers as suppliers that are based in the same country or region where the materials and/or services are used.

GRI 308:2016 Supplier Environmental Assessment

308-1 New suppliers that were screened using environmental criteria

✓ PwC	2016	2017	2018
Percentage of suppliers assessed via EcoVadis	63%	65%	74%

Clariant selects and manages its suppliers, outsourcing partners, and service providers based on a comprehensive set of criteria. The selection of suppliers is not only based on economic and product-specific performance aspects, but non-financial and sustainability considerations are explicitly taken into account as well. Clariant's sustainability standards are incorporated into its procurement strategies and activities, policies, and general guidelines (such as the Code of Conduct for Suppliers).

By joining the »Together for Sustainability« (TfS) initiative, Clariant has taken the sustainability monitoring and improvement of its suppliers to a new, best-in-class level. In fact, the TfS evaluation of suppliers – both with regard to materials and services – is based on a state-of-the-art methodology and approach jointly developed by the procurement leadership of six multinational chemical companies. It is managed through leading external global service providers specialized in sustainability, such as EcoVadis for online assessments and DSQ Group, ERM, Intertek, and SGS for on-site audits.

Through TfS, more than 10 000 (2017: 8 600) supplier assessment scorecards and more than 1 500 (2017: 1 100) supplier audit reports have been generated, and are shared among all TfS Members via an online platform. This serves as a basis to drive improvements in sustainability performance across the respective supply chains. In 2018 alone, 358 new TfS supplier audits were conducted, and 1 491 new supplier assessments were generated.

By mapping supplier sustainability scorecards against Clariant's supply base, Clariant reached more than 74% (2017: 65%) of its yearly CHF 2.9 billion (2017: 2.7 billion) direct spend covered with a sustainability evaluation of suppliers.

308-2 Negative environmental impacts in the supply chain and actions taken

✓ PwC	2015	2016	2017	2018
Number of suppliers assessed for environmental impacts	4 442	6 383	8 692	10 566
Number of suppliers identified as having significant actual and potential negative environmental impacts	n.a.	785	666	955

These numbers are based on mapping the suppliers from the EcoVadis platform to Clariant's own spend database.

✓ PwC	2017	2018
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment	17%	20%

In 2017, Clariant began a program of Corrective Action Plans (CAPs) in order to reduce supplier sustainability risks. In 2018, 20% of the 955 suppliers identified as having significant actual and potential negative environmental impacts have been taken through the CAP program.

GRI 414:2016 Supplier Social Assessment

414-1 New suppliers that were screened using social criteria

For information regarding 414-1, please see [disclosure 308-1](#): New suppliers that were screened using environmental criteria.

414-2 Negative social impacts in the supply chain and actions taken

✓ PwC	2015	2016	2017	2018
Number of suppliers assessed for social impacts	4 442	6 383	8 692	10 566
Number of suppliers identified as having significant actual and potential negative social impacts	n.a.	737	598	1 205

These numbers are based on the mapping of the suppliers from the EcoVadis platform to Clariant's own database.

✓ PwC	2017	2018
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	19%	26%

In 2017, Clariant began a program of Corrective Action Plans (CAPs) in order to reduce supplier sustainability risks. In 2018, 26% of the 1 205 suppliers identified as having significant actual and potential negative social impacts have been taken through the CAP program.

For more information regarding 414-2, please see [disclosure 308-1](#): New suppliers that were screened using environmental criteria.

GENERAL DISCLOSURES

Organizational Profile

102-1 Name of the organization

Read more: [Financial Report](#), [Accounting policies](#)

102-2 Activities, brands, products, and services

Read more: [Financial Report](#), [Accounting policies](#)

Read more: [Corporate Website](#), [Product & Solution Highlights](#)

Read more: [Corporate Website](#), [EcoTain® Products](#)

In addition to the information described in the Financial Report and Corporate Website, Clariant also deals with goods that are subject to different trade control regimes, such as chemical weapons conventions or the dual-use goods regulation. All of the respective national and international trade control provisions, as well as embargo regulations, are monitored by a global trade control network within the Clariant organization. With the help of IT systems, along with organizational controls, all deliveries are reviewed to ensure trade compliance. Thus, for example, controlled goods can only be delivered if the necessary permits are obtained from the relevant authorities as well as end-user statements from the customer. Clariant guarantees that all trade control requirements are fulfilled.

102-3 Location of headquarters

Read more: [Financial Report](#), [Accounting policies](#)

102-4 Location of operations

Read more: [Financial Report](#), [Important subsidiaries](#)

Read more: [Financial Report](#), [Segment information](#)

102-5 Ownership and legal form

Read more: [Corporate Governance](#), [Principles of Corporate Governance](#)

102-6 Markets served

Read more: [Integrated Report](#), [Financial Capital](#)

Read more: [Integrated Report](#), [Value Creation in the Four Business Areas](#)

102-7 Scale of the organization

Read more: [Integrated Report, Summary on Performance, People, Planet](#)

Read more: [Financial Report, Important subsidiaries](#)

Read more: [Financial Report, Consolidated balance sheets](#)

102-8 Information on employees and other workers

✓ PwC

	2017		2018	
	permanent	temporary	permanent	temporary
Employees by employment contract and gender (in FTE)	17 687	448	17 382	519
male	13 986	344	13 613	392
female	3 701	105	3 769	127

	2017		2018	
	full-time	part-time	full-time	part-time
Employees by employment type (in FTE)	17 794	341	17 567	334
male	14 265	65	13 941	64
female	3 529	276	3 626	270

We do not have knowledge of any substantial portion of Clariant's work being performed by workers who are not employees. Furthermore, there are no significant seasonal variations in Clariant's employment numbers.

102-9 Supply chain

Read more: [Integrated Report, Sustainability Performance in the Supply Chain](#)

Read more: [Management Approach, Sustainability performance in the supply chain](#)

102-10 Significant changes to the organization and its supply chain

Read more: [Financial Report, Important subsidiaries](#)

Read more: [Financial Report, Acquisitions](#)

Read more: [Financial Report, Disposals](#)

Read more: [Financial Report, Changes in share capital and treasury shares and changes in non-controlling interests](#)

Read more: [Financial Report, Events Subsequent to the Balance Sheet Date](#)

102-11 Precautionary Principle or approach

With the final declaration of its 1992 conference on the environment and development in Rio de Janeiro, the United Nations requires member states to take precautionary measures within their capabilities to protect the environment. This declaration is known as Principle 15 of the Rio Declaration. Accordingly, remedial actions may only be postponed if no serious or lasting damages to the environment are looming, or if the states would be financially overburdened by implementing these measures. This principle connects environmental protection with a cost-benefit analysis and attempts to achieve a balance between ecology and economy.

Clariant has not only adopted this principle in the company, it has expanded the environmental considerations with social aspects—the entire foundation of sustainability. Clariant has been investing in safe products and both efficient and environmentally compatible processes for years. The company continuously initiates measures to completely live up to its responsibilities toward employees, customers, shareholders, and other stakeholder groups. The ongoing pursuit of trends and pertinent developments ensures the timeliness and appropriateness of all these activities.

102-12 External initiatives

Clariant supports a large number of externally developed initiatives, for example:

Clariant expressly supports the UN Global Compact and the United Nations Universal Declaration of Human Rights (UDHR), also known as the UN Human Rights Charter. The charter comprises general human rights principles that serve as a joint ideal for all people and nations to ensure that each individual and all bodies of the company constantly strive to promote respect for corresponding rights and freedoms through education and training. National and international measures must thereby guarantee the formal as well as the actual recognition of, and compliance with, human rights. This applies to Clariant too.

Clariant has signed the »Responsible Care® Global Charter« developed by the International Council of Chemical Associations (ICCA), which monitors compliance with this charter. The charter is a self-commitment by the chemical industry worldwide to pursue continual improvements in the fields of environmental protection, product responsibility, work safety, transportation safety, and dialog.

Clariant is committed to the Global Product Strategy (GPS), which was developed in 2006 by the International Council of Chemical Associations (ICCA) as part of its commitment to the United Nations Strategic Approach to International Chemicals Management (SAICM). This approach promotes the safe use of chemical products through the entire life cycle and enhances product stewardship throughout the value chain.

102-13 Membership of associations

Clariant is a member of numerous interest groups and trade associations at international (International Council of Chemical Associations [ICCA]), regional (Cefic), and national levels (business federations or national chemical industry associations, such as ABIQUIM in Brazil, CPCIF in China, Verband der Chemischen Industrie [VCI] in Germany, or the American Chemistry Council [ACC] in the USA).

Clariant is also active in sectorial associations at both a regional and national level, such as in the bio-economy sector (Leaders of Sustainable Biofuels, ePure, EuropaBio, Bio-Based Industries Consortium, BioDeutschland, etc.). Other important memberships include the Together for Sustainability (Tfs) initiative of the chemical industry.

Clariant is proud to be a member and supporter of scientific and research organizations such as SUSCHEM, the European Technology Platform for Sustainable Chemistry, confirming its strong commitment to develop the next generation of sustainable chemistry solutions.

Clariant's top three contributions to policy memberships are:

- German Association of the Chemical Industry (Verband der Chemischen Industrie e. V. [VCI])
- Chamber of Commerce Basel (Handelskammer beider Basel)
- Scienceindustries, the Swiss business association for the chemical, pharmaceutical, and biotech industries

Strategy

102-14 Statement from senior decision-maker

Read more: [Integrated Report](#), [Letter of the Chairman of the Board of Directors](#)

Read more: [Integrated Report](#), [Interview with the CEO](#)

102-15 Key impacts, risks, and opportunities

Read more: [Financial Report](#), [Enterprise Risk Management Identification, Assessment, and Management](#)

Ethics and Integrity

102-16 Values, principles, standards, and norms of behavior

Read more: [Corporate Website](#), [Codes of Conduct](#)

Read more: [Corporate Website](#), [Sustainable Supply Chains](#)

As a leading specialty chemicals company, Clariant not only ensures adherence to legal regulations, but also commits itself to important global initiatives. All of Clariant's actions comply with the principles laid down in the Responsible Care® Global Charter, the Global Product Strategy, the UN Global Compact, and the company's internal Code of Conduct and Code of Conduct for Suppliers.

All employees receive the Code of Conduct when they are hired and must agree to it when signing their contract of employment. So-called e-learning modules are mandatory for all employees. Participation in these training courses, which cover different topics or themes of the Code of Conduct, is registered, and employees not participating receive a warning. The Code is available in all relevant national languages.

102-17 Mechanisms for advice and concerns about ethics

With regard to seeking advice, compliance officers at both regional and local levels as well as at Group Headquarters are available to provide support on issues concerning ethically correct and legally compliant conduct of employees or business processes. In addition, employees as well as suppliers and other stakeholders have the opportunity to raise concerns or questions—anonously if necessary—about ethical business conduct on the »Clariant Integrity Line« (an online portal introduced in 2014). The responsible compliance officer of the corresponding country then answers or forwards the concerns or questions to the competent colleague in the Compliance or HR Department.

Complaints pertaining to violations of the Clariant Code of Conduct can be made via line managers, through Group Compliance (i.e., reported to the local or regional HR department or compliance office, or directly to the Group compliance officer), or via the »Clariant Integrity Line.«

Governance

102-18 Governance structure

Read more: [Corporate Governance, Principles of Corporate Governance](#)

102-20 Executive-level responsibility for economic, environmental, and social topics

Clariant's Executive Committee, superior to the Sustainability Council, provides the guidelines for sustainable management and the corresponding control, while the relevant templates come from the respective departments. In order to be kept up to date about current trends and developments with regard to the aforementioned issues, their members collect information regularly from the responsible corporate functions and Business Units, or they participate in appropriate events.

Clariant steers sustainability activities on a strategic corporate level with a dedicated Sustainability Council. The council evaluates the global sustainability challenges and megatrends and sets long- and mid-term Group goals to initiate projects and activities in the field of sustainability. Chaired by the Chief Executive Officer, the council creates a direct link to the highest governance body. It is composed of relevant Heads of corporate functions/services and Business Units, such as Group Technology & Innovation, Corporate HR, Corporate Strategy & Planning, Corporate Legal, Group Procurement Services, Corporate Communications and Business Units ICS, Catalysts, and Additives. The Council delegates operational sustainability matters to the Corporate Sustainability and Regulatory Affairs (CSRA) Department, with the Head of CSRA reporting directly to the Executive Committee.

For more details on the process of communication to the highest governance body, please see section »Information and control instruments vis-à-vis the Executive Committee« of the Corporate Governance Report.

Read more: [Corporate Governance, Internal Organizational Structure](#)

102-21 Consulting stakeholders on economic, environmental, and social topics

Clariant revised its materiality matrix in 2017 in a sophisticated process that served as consultation between stakeholders and Clariant. Key stakeholders could voice their opinion regarding the topics on which Clariant should focus. The results of the survey were analyzed and broken down into both region- and function-specific perspectives. This allowed Business Unit and Regional Management Committees to follow up with their respective stakeholders.

Read more: [Corporate Governance, Information and control instruments vis-à-vis the Executive Committee](#)

Read more: [Integrated Report, Materiality](#)

102-38 Annual total compensation ratio / 102-39 Percentage increase in annual total compensation ratio

Clariant's compensation philosophy is aimed at promoting and reinforcing the quality and commitment of employees. Clariant is generally committed to paying its employees fair and appropriate compensation in the form of wages and salaries, social components, and other perks. This compensation should meet minimum statutory standards and, in principle, exceeds them in each country in which Clariant is active.

The spread of salaries between Clariant employees varies from one country to another. This heavily depends on the relevant local managerial and employment structure and is frequently culturally influenced. For this reason, local salary structures cannot be used to address compensation issues. On a global level, the ratio between the average and the highest base salary is 1:13. In terms of the total compensation, including variable salary components, the spread is 1:25. The ratio tends to be higher in growth regions than, for example, in Europe. Part-time employees have been excluded from the calculation above.

Salary adjustments are negotiated in accordance with a fixed and unambiguous system and implemented through mutual agreement between the line manager and the HR Department. As a basic principle, a consistent »salary philosophy« ensures that adjustments are made in the context of the local markets and the individual performance.

Read more: [Integrated Report, Compensation](#)

Stakeholder Engagement

102-40 List of stakeholder groups

Read more: [Integrated Report, Materiality](#)

102-41 Collective bargaining agreements

✓ PwC	2017	2018
Percentage of total employees covered by collective bargaining agreements	48%	47%

Clariant pays wages and salaries that are determined by relevant local competitive markets rather than by legally defined minimum wages. As of the end of December 2018, 47% of employees were covered by collective bargaining agreements with employee representatives. Managerial positions are generally not included in such agreements.

102-42 Identifying and selecting stakeholders

Read more: [Integrated Report](#), [Materiality](#)

102-43 Approach to stakeholder engagement

Read more: [Integrated Report](#), [Materiality](#)

102-44 Key topics and concerns raised

Read more: [Integrated Report](#), [Materiality](#)

Reporting Practice

102-45 Entities included in the consolidated financial statements

Read more: [Financial Report](#), [Important subsidiaries](#)

Read more: [Integrated Report](#), [Production sites and innovation facilities](#)

102-46 Defining report content and topic Boundaries

Read more: [Integrated Report](#), [Materiality](#)

102-47 List of material topics

Read more: [Integrated Report](#), [Materiality](#)

102-48 Restatements of information

Any restatement of previously reported data is explained in a footnote under the respective disclosure.

102-49 Changes in reporting

Read more: [Integrated Report](#), [Materiality](#)

102-50 Reporting period / 102-52 Reporting cycle

The reporting period of Clariant's GRI Report comprises 1 January through 31 December 2018 and is therefore identical to Clariant's financial year.

102-51 Date of most recent report

The last GRI Report was published in March 2017 on Clariant's website.

Read more: [GRI Report 2017](#)

102-53 Contact point for questions regarding the report

Questions about this report should be addressed to:

Corporate Sustainability & Regulatory Affairs

Anders Almtoft, Tel. +41 61 469 69 16

Investor Relations

Anja Pomrehn, Tel. +41 61 469 67 45

Inquiries via e-mail to sustainability@clariant.com

102-54 Claims of reporting in accordance with the Standards

This report has been prepared in accordance with the GRI Standards: Core option.

102-55 GRI content index

Read more: [GRI Report 2018: Content Index](#)

102-56 External assurance

Read more: [GRI Report 2018: Independent Assurance Report](#)


INDEPENDENT ASSURANCE REPORT ON THE CLARIANT SUSTAINABILITY REPORTING 2018

To the Board of Directors of Clariant Ltd, Muttenz

We have been engaged to perform assurance procedures to provide limited assurance on the sustainability reporting of Clariant Ltd and its consolidated subsidiaries (Clariant¹) for the year ended 31 December 2018.

Scope and Subject matter

Our limited assurance engagement focused on the sustainability indicators published online on the website <http://reports.clariant.com/2018/gri-report/>:

- The selected quantitative 2018 sustainability indicators as summarized in the GRI content index section and disclosed in the respective text boxes and marked with the label “ PwC”; and
- The management and reporting processes to collect and aggregate the data as well as the control environment in relation to the data aggregation of these data.

Criteria

The reporting criteria used by Clariant are described in the internal reporting guidelines and define those procedures, by which the sustainability indicators are internally gathered, collated and aggregated. The internal guidelines are based on the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI).

Inherent limitations


The accuracy and completeness of sustainability indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with Clariant’s internal guidelines, definitions and procedures on sustainability reporting. Further, the greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Clariant responsibilities

The Board of Directors of Clariant Ltd is responsible for both the subject matter and the criteria as well as for selection, preparation and presentation of the information in accordance with the criteria. This responsibility includes the design, implementation and maintenance of related internal control relevant to this reporting process that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the sustainability indicators are not stated, in all material respects, in accordance with the reporting criteria.

We planned and performed our procedures in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) 'Assurance engagements other than audits or reviews of historical financial information' and with ISAE 3410 'Assurance Engagements on Greenhouse Gas Statements'. These standards require that we plan and perform the assurance engagement to obtain limited assurance on the identified sustainability indicators marked with the label "  PwC".

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Independence and quality controls

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

Our limited assurance procedures included, but were not limited to the following work:

- Reviewing the application of Clariant's internal guidelines
- Interviewing Clariant representatives at Group level responsible for the data collection and reporting
- Interviewing Clariant representatives in South Africa, Mexico and USA responsible for the data collection and reporting by phone
- Performing tests on a sample basis of evidence supporting the sustainability indicators as outlined in the scope and subject matter section concerning completeness, accuracy, adequacy and consistency
- Inspecting the relevant documentation on a sample basis
- Reviewing and assessing the management reporting processes for sustainability reporting and consolidation and their related controls

We have not carried out any work on data other than outlined in the scope and subject matter section as defined above. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Limited Assurance Conclusion

Based on the procedures we performed, nothing has come to our attention that causes us to believe that

- The quantitative 2018 sustainability indicators of Clariant as described in the scope and subject matter section are not prepared and disclosed in all material respects in accordance with Clariant’s internal guidelines and procedures and the underlying GRI Standards; and
- The management and reporting processes to collect and aggregate the data as well as the control environment in relation to the data aggregation are not functioning as designed.

Basel, 6 March 2019



PricewaterhouseCoopers AG

Dr. Marc Schmidli

Raphael Rutishauser

PricewaterhouseCoopers AG St. Jakobs-Strasse 25, Postfach, CH-4002 Basel, Switzerland

Telephone: +41 58 792 51 00, Facsimile: +41 58 792 51 10, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

GRI Content Index

UNIVERSAL STANDARDS

GRI 102:2016 General Disclosures

Disclosure	Links	External Assurance	UNGC
Organizational Profile			
102-1	Name of the organization Financial Report: Accounting policies		
102-2	Activities, brands, products, and services Financial Report: Accounting policies Corporate Website: Product & Solution Highlights Corporate Website: EcoTain Products		
102-3	Location of headquarters Financial Report: Accounting policies		
102-4	Location of operations Financial Report: Important subsidiaries Financial Report: Segment information		
102-5	Ownership and legal form Corporate Governance: Principles of Corporate Governance		
102-6	Markets served Integrated Report: Financial Capital Integrated Report: Value Creation in the Four Business Areas		
102-7	Scale of the organization Integrated Report: Summary on Performance, People, Planet Financial Report: Important subsidiaries Financial Report: Consolidated balance sheets	✓ PwC	
102-8	Information on employees and other workers	✓ PwC	UNGC
102-9	Supply chain Integrated Report: Sustainability Performance in the Supply Chain GRI Management Approach: Sustainability Performance in the Supply Chain	✓ PwC	

102-10	Significant changes to the organization and its supply chain	Financial Report: Important subsidiaries Financial Report: Acquisitions Financial Report: Disposals Financial Report: Changes in share capital and treasury shares and changes in non-controlling interests Financial Report: Events Subsequent to the Balance Sheet Date		
102-11	Precautionary Principle or approach			
102-12	External initiatives			
102-13	Membership of associations			
	Strategy			
102-14	Statement from senior decision-maker	Integrated Report: Letter of the Chairman of the Board of Directors Integrated Report: Interview with the CEO		
102-15	Key impacts, risks, and opportunities	Financial Report: Enterprise Risk Management Identification, Assessment and Management		
	Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Corporate Website: Codes of Conduct Corporate Website: Sustainable Supply Chains		UNGC
102-17	Mechanisms for advice and concerns about ethics			UNGC
	Governance			
102-18	Governance structure	Corporate Governance: Principles of Corporate Governance		
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance: Internal Organizational Structures		
102-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance: Information and control instruments vis-à-vis the Executive Committee Integrated Report: Materiality		
102-38	Annual total compensation ratio	Integrated Report: Compensation	✓ PwC	
102-39	Percentage increase in annual total compensation ratio			
	Stakeholder Engagement			
102-40	List of stakeholder groups	Integrated Report: Materiality		
102-41	Collective bargaining agreements		✓ PwC	UNGC
102-42	Identifying and selecting stakeholders	Integrated Report: Materiality		
102-43	Approach to stakeholder engagement	Integrated Report: Materiality		
102-44	Key topics and concerns raised	Integrated Report: Materiality		
	Reporting Practice			
102-45	Entities included in the consolidated financial statements	Financial Report: Important subsidiaries Integrated Report: Production sites and innovation facilities		
102-46	Defining report content and topic Boundaries	Integrated Report: Materiality		

102-47	List of material topics	Integrated Report: Materiality		
102-48	Restatements of information			
102-49	Changes in reporting	Integrated Report: Materiality		
102-50	Reporting period			
102-51	Date of most recent report	GRI Report 2017		
102-52	Reporting cycle			
102-53	Contact point for questions regarding the report			
102-54	Claims of reporting in accordance with the Standards			
102-55	GRI content index			
102-56	External assurance			

TOPIC-SPECIFIC STANDARDS

Economic Topics

Disclosure		Links	External Assurance	UNGC
GRI 201: 2016	Economic Performance	Integrated Report: Financial Capital Integrated Report: Strategy Corporate Governance Report		
GRI 103-1/2/3:2016	Management approach			
201-1	Direct economic value generated and distributed	Integrated Report: Summary on Performance, People, Planet		UNGC
201-2	Financial implications and other risks and opportunities due to climate change			
201-3	Defined benefit plan obligations and other retirement plans	Financial Report: Retirement benefit obligations		
GRI 202: 2016	Market Presence	Integrated Report: Employee Engagement		
GRI 103-1/2/3: 2016	Management Approach			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage			UNGC
202-2	Proportion of senior management hired from the local community		✓ PwC	UNGC
GRI 204: 2016	Procurement Practices	Integrated Report: Sustainability Performance in the Supply Chain Together for Sustainability (TfS)		
GRI 103-1/2/3: 2016	Management Approach			

204-1	Proportion of spending on local suppliers		✓ PwC	
GRI 205: 2016	Anti-corruption	Integrated Report: Ethics and Compliance		
GRI 103-1/2/3: 2016	Management Approach			
205-1	Operations assessed for risks related to corruption			UNGC
205-2	Communication and training about anti-corruption policies and procedures			UNGC
205-3	Confirmed incidents of corruption and actions taken			UNGC
GRI 206: 2016	Anti-competitive Behavior	Integrated Report: Ethics and Compliance		
GRI 103-1/2/3: 2016	Management Approach			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		✓ PwC	
	Innovation and Technological Advances			
GRI 103-1/2/3: 2016	Management Approach	Integrated Report: Innovation and Technological Advances Integrated Report: Idea to Market		
	Digitalization			
GRI 103-1/2/3: 2016	Management Approach	Integrated Report: Digitalization		

Environmental Topics

Disclosure		Links	External Assurance	UNGC
GRI 301: 2016	Materials	Integrated Report: Circular Economy Integrated Report: Product Stewardship/ Sustainable Chemistry Integrated Report: Progress toward environmental targets 2025		
GRI 103-1/2/3: 2016	Management Approach			
301-1	Materials used by weight or volume		✓ PwC	UNGC
301-2	Recycled input materials used			UNGC
301-3	Reclaimed products and their packaging materials			UNGC
GRI 302: 2016	Energy	Integrated Report: Environmental Protection and Resources Integrated Report: Progress toward environmental targets 2025		
GRI 103-1/2/3: 2016	Management Approach			

302-1	Energy consumption within the organization		✓ PwC	UNGC
302-2	Energy consumption outside of the organization		✓ PwC	UNGC
302-3	Energy intensity		✓ PwC	UNGC
302-4	Reduction of energy consumption		✓ PwC	UNGC
302-5	Reductions in energy requirements of products and services			UNGC
GRI 303: 2018	Water	Integrated Report: Environmental Protection and Resources Integrated Report: Progress toward environmental targets 2025		
GRI 103-1/2/3: 2016	Management Approach			
303-1	Interactions with water as a shared resource		✓ PwC	UNGC
303-2	Management of water discharge-related impacts			UNGC
303-3	Water withdrawal		✓ PwC	UNGC
303-4	Water discharge		✓ PwC	UNGC
303-5	Water consumption		✓ PwC	UNGC
GRI 304: 2016	Biodiversity	Integrated Report: Environmental Protection and Resources		
GRI 103-1/2/3: 2016	Management Approach			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			UNGC
304-2	Significant impacts of activities, products, and services on biodiversity			UNGC
304-3	Habitats protected or restored			UNGC
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations			UNGC
GRI 305: 2016	Emissions	Integrated Report: Climate Change Integrated Report: Progress toward environmental targets 2025 Integrated Report: Customer to Cash		
GRI 103-1/2/3: 2016	Management Approach			
305-1	Direct (Scope 1) GHG emissions		✓ PwC	UNGC
305-2	Energy indirect (Scope 2) GHG emissions		✓ PwC	UNGC
305-3	Other indirect (Scope 3) GHG emissions		✓ PwC	UNGC

305-4	GHG emissions intensity		✓ PwC	UNGC
305-5	Reduction of GHG emissions			UNGC
305-6	Emissions of ozone-depleting substances (ODS)			UNGC
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		✓ PwC	UNGC
GRI 306: 2016	Effluents and Waste	Integrated Report: Environmental Protection and Resources Integrated Report: Progress toward environmental targets 2025		
GRI 103-1/2/3: 2016	Management Approach			
306-1	Water discharge by quality and destination		✓ PwC	UNGC
306-2	Waste by type and disposal method		✓ PwC	UNGC
306-3	Significant spills		✓ PwC	UNGC
306-4	Transport of hazardous waste			UNGC
GRI 307: 2016	Environmental Compliance	Integrated Report: Environmental Protection and Resources		
GRI 103-1/2/3: 2016	Management Approach			
307-1	Non-compliance with environmental laws and regulations			UNGC
GRI 308: 2016	Supplier Environmental Assessment	Integrated Report: Sustainability Performance in the Supply Chain Together for Sustainability (TfS)		
GRI 103-1/2/3: 2016	Management Approach			
308-1	New suppliers that were screened using environmental criteria		✓ PwC	UNGC
308-2	Negative environmental impacts in the supply chain and actions taken		✓ PwC	UNGC

Social Topics

Disclosure		Links	External Assurance	UNGC
GRI 401: 2016	Employment	Integrated Report: Employee Engagement		
GRI 103-1/2/3: 2016	Management Approach			
401-1	New employee hires and employee turnover		✓ PwC	UNGC
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			
401-3	Parental leave			UNGC

GRI 402: 2016	Labor/Management Relations	Integrated Report: Employee Engagement		
GRI 103-1/2/3: 2016	Management Approach			
402-1	Minimum notice periods regarding operational changes			UNGC
GRI 403: 2018	Occupational Health and Safety	Integrated Report: Occupational Health, Safety, and Well-being		
GRI 103-1/2/3: 2016	Management Approach			
403-1	Occupational health and safety management system			
403-2	Hazard identification, risk assessment, and incident investigation			
403-3	Occupational health services			
403-4	Worker participation, consultation, and communication on occupational health and safety			
403-5	Worker training on occupational health and safety			
403-6	Promotion of worker health			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
403-8	Workers covered by an occupational health and safety management system		✓ PwC	
403-9	Work-related injuries		✓ PwC	
403-10	Work-related ill health		✓ PwC	
GRI 404:2016	Training and Education	Integrated Report: Talent Attraction and Development		
GRI 103-1/2/3: 2016	Management Approach			
404-1	Average hours of training per year per employee		✓ PwC	UNGC
404-2	Programs for upgrading employee skills and transition assistance programs			
404-3	Percentage of employees receiving regular performance and career development reviews		✓ PwC	UNGC
GRI 405: 2016	Diversity and Equal Opportunity	Integrated Report: Employee Engagement		
GRI 103-1/2/3: 2016	Management Approach			
405-1	Diversity of governance bodies and employees		✓ PwC	UNGC
405-2	Ratio of basic salary and remuneration of women to men		✓ PwC	UNGC

GRI 406: 2016	Non-discrimination	Integrated Report: Human Rights		
GRI 103-1/2/3: 2016	Management Approach			
406-1	Incidents of discrimination and corrective actions taken		✓ PwC	UNGC
GRI 407: 2016	Freedom of Association and Collective Bargaining	Integrated Report: Human Rights		
GRI 103-1/2/3: 2016	Management Approach			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			UNGC
GRI 408: 2016	Child Labor	Integrated Report: Human Rights		
GRI 103-1/2/3: 2016	Management Approach			
408-1	Operations and suppliers at significant risk for incidents of child labor			UNGC
GRI 409: 2016	Forced or Compulsory Labor	Integrated Report: Human Rights		
GRI 103-1/2/3: 2016	Management Approach			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor			UNGC
GRI 412: 2016	Human Rights Assessment	Integrated Report: Human Rights		
GRI 103-1/2/3: 2016	Management Approach			
412-1	Operations that have been subject to human rights reviews or impact assessments	Corporate Website: Human Rights		UNGC
412-2	Employee training on human rights policies or procedures			UNGC
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			UNGC
GRI 414: 2016	Supplier Social Assessment	Integrated Report: Sustainability Performance in the Supply Chain Together for Sustainability (TfS)		
GRI 103-1/2/3: 2016	Management Approach			
414-1	New suppliers that were screened using social criteria		✓ PwC	UNGC
414-2	Negative social impacts in the supply chain and actions taken		✓ PwC	UNGC
GRI 415: 2016	Public Policy	Integrated Report: Policy and Stakeholder Relations		
GRI 103-1/2/3: 2016	Management Approach			
415-1	Political contributions			UNGC
GRI 416: 2016	Customer Health and Safety	Integrated Report: Product Stewardship / Sustainable Chemistry		

GRI 103-1/2/3: 2016	Management Approach			
416-1	Assessment of the health and safety impacts of product and service categories			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			
GRI 417: 2016	Marketing and Labeling	Integrated Report: Product Stewardship / Sustainable Chemistry		
GRI 103-1/2/3: 2016	Management Approach			
417-1	Requirements for product and service information and labeling			
417-2	Incidents of non-compliance concerning product and service information and labeling			
417-3	Incidents of non-compliance concerning marketing communications			
GRI 418: 2016	Customer Privacy	Integrated Report: Customer Relationships Integrated Report: Market to Customer		
GRI 103-1/2/3: 2016	Management Approach			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			
GRI 419: 2016	Socioeconomic Compliance	Integrated Report: Ethics and Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area			