

# Accelerate Change

## DISCOVER VALUE

**Chemistry is the science of change:** The undiscovered is changed into the indispensable, the invisible into the tangible and the unbelievable into everyday life. Over the past few years Clariant has successfully embraced change. After extensive restructuring and reorganization, Clariant is now well underway to reach the top tier of the specialty chemicals industry. In order to reach its goals, Clariant does not only continuously change itself, but stays curious and searches for new impulses, ideas and perspectives. By digging deeper and understanding what is beneath the surface, Clariant becomes a discoverer of true value for all stakeholders.

In this spirit, Clariant has taken its first step to change its corporate reporting towards a more integrated format. This is the first time that Clariant's Annual Report is published in the form of an Integrated Report, and Clariant is committed to continuous improvement on this path over the coming years. Integrated Reporting enables Clariant to provide a deeper view on its holistic approach and commitment to create added value for customers, employees, shareholders and the environment. By focusing on a business model built upon three value creation phases, Clariant's strong foundations are consistently translated into sustainable growth.

### Indicators

#### Performance

**5 847** 

Sales in CHF m

**6 500** 

Patents at year end

**320** 

Active innovation projects advanced

### Indicators

#### People

**17 442** 

Total staff

**2 693** 

Customer survey participants

### Indicators

#### Planet

**2.82** 

Raw materials procured in m t

**2 950** 

Total energy consumption in m kWh

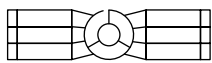
# Glossary

## AT A GLANCE



### INTEGRATED REPORTING

Reporting that extends traditional formats of corporate disclosure in order to communicate the full range of factors that significantly affect an organization's ability to create value through its business model. An integrated report provides insight about the resources used and impacted by the company – collectively referred to as »the capitals« – and their interdependence. It reflects and supports integrated thinking and decision-making that focuses on the creation of value over the short, medium, and long term.



### BUSINESS MODEL

The business model illustrates how a company draws on various capitals as inputs and converts them into outputs, such as products and services, through its business activities. The company's activities and outputs lead to outcomes that affect the capitals, thus impacting the company and its stakeholders.



### PERFORMANCE, PEOPLE, PLANET

Clariant's three brand values, under which the different capitals considered in integrated reporting have been categorized in this report: Performance (financial and intellectual capital), People (human and relationship capital), and Planet (manufactured and natural capital).



### IDEA TO MARKET

Core business activities that create additional value are structured into three value creation phases at Clariant. Idea to Market encompasses scouting global trends and ideas, scoping out customer needs, executing product development and commercializing, and monitoring product performance.



### MARKET TO CUSTOMER

Market to Customer includes identifying market attractiveness, developing a clear value proposition and articulating it to the customers, and capturing the value created through relationship building and the sales process.



### CUSTOMER TO CASH

Customer to Cash encompasses planning to balance demand and supply, optimizing sourcing for spend effectiveness, constantly monitoring production for high efficiency, and delivering finished goods on-time and in-full as required by the customer.



### Financial Capital

The pool of funds available to the company for use in the production of goods or the provision of services. This can include funds obtained through financing, such as debt, equity, or grants, and funds generated by the company, for example through sales or investments.



### Intellectual Capital

Knowledge-based intangibles used and created by the company, often in collaboration with partners. This can include intellectual property, such as patents, copyrights, software, rights, and licenses, and »organizational capital« such as tacit knowledge, systems, procedures, and protocols.



### Human Capital

The company's staff and its composition, competencies, capabilities, experience, and motivation to innovate. This can include employees' alignment with corporate values and their ability to understand and implement the company's strategy.



### Relationship Capital

Key relationships including those with significant groups of stakeholders and other networks. This can include shared values, the trust and willingness to engage that the company has developed, and related intangibles associated with its brand and reputation.



### Manufactured Capital

Manufactured physical objects such as buildings, equipment, and products. These can include objects that are available to the company for use in the production of goods or the provision of services, or that the company produces for sale to customers or for its own use.



### Natural Capital

Renewable and non-renewable environmental resources and processes that support the past, current, or future prosperity of the company or are affected by it. Examples can include resources related to air, water, and land that are utilized or impacted for example by emissions.

# Summary

## ON PERFORMANCE, PEOPLE, PLANET

### Performance

#### FINANCIAL CAPITAL in CHF m

	2016	2015
Sales	5847	5807
EBITDA before exceptionals	887	853
EBITDA margin before exceptional items (%)	15.2	14.7
EBIT before exceptional items <sup>1</sup>	622	596
Net income	263	227
Basic earnings per share <sup>1</sup> (in CHF)	0.78	0.67
Adjusted earnings per share <sup>1</sup> (in CHF)	1.12	1.01
Operating cash flow	646	502
Investment in property, plant and equipment	297	374
Research & Development expenditures	206	206 <sup>2</sup>
Personnel expenditures <sup>3</sup>	1435	1391
Raw material procurement	2221	2252
Total assets	8365	7461
Equity	2546	2494
Equity ratio (%)	30.4	33.4
Net debt	1540	1312
Gearing ratio (%)	60	53

<sup>1</sup> Continued operations <sup>2</sup> Reclassified <sup>3</sup> Including own employees and external staff

#### INTELLECTUAL CAPITAL

	2016	2015
Patents (year end)	6500	7100
Active innovation projects advanced	320	300
Of which Class 1 Projects with double-digit million sales potential or of strategic relevance	60	60
Scientific collaborations	125	130

#### SALES BY BUSINESS AREA in CHF m

	2016	2015
Care Chemicals	1465	1445
Catalysis	673	704
Natural Resources	1184	1217
Plastics & Coatings	2525	2441

### People

#### HUMAN CAPITAL in FTE (Full Time Equivalents)

	2016	2015
Total staff	17442	17213
Employees	9881	9803
Of which male	6734 (68%)	6651 (68%)
Of which female	3147 (32%)	3152 (32%)
Workers	7560	7410
Of which male	6995 (93%)	6806 (92%)
Of which female	565 (7%)	604 (8%)
Total training hours	201884	182398 <sup>1</sup>
Training hours (Ø per participant)	19	20
Staff in Research & Development	-1100	-1100
Lost Time Accident Rate (LTAR; accidents with at least 1 day lost/200000 work hours)	0.19	0.17

<sup>1</sup> Restated after roll-out of global Learning Management System (LMS)

#### RELATIONSHIP CAPITAL

	2016	2015
Staff participating in »360-degree feedback«	975	1050
Raw material suppliers	5250	5431
Raw material supply base by spend covered by sustainability evaluations (%)	>60	>50
Survey responses from customer contacts obtained	2693	1430
Customers who want to continue doing business with Clariant (%)	91	79

### Planet

#### MANUFACTURED CAPITAL

	2016	2015
Research & Development Centers	8	8
Technical Centers	>50	>50
Countries with production facilities	40	42
Raw materials procured (in m t)	2.82	2.75
Production (in m t)	4.09	3.66

The information regarding environment, health, and safety included in this Integrated Report 2016 is preliminary. The data are not yet externally assured as they are subject to changes up to the finalization of Clariant's Online Sustainability Reporting 2016.

#### NATURAL CAPITAL

	2016	2015
Total energy consumption (in m kWh)	2950	2866
Energy consumption (in kWh/t production)	719	782
Total water consumption (in m m <sup>3</sup> )	48	49
Total waste water generation (in m m <sup>3</sup> )	13	13
Total greenhouse gas emissions (scope 1 & 2 CO <sub>2</sub> equivalents) (in m t)	0.89	0.85
Greenhouse gas emissions (scope 1 & 2 CO <sub>2</sub> equivalents) (in kg/t production)	218	232
Total quantity of waste (in thousand t)	147	151

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# »We Create Value IN MORE THAN ONE DIMENSION«

**Clariant grew in both sales and profitability and significantly increased its cash flow despite challenging economic conditions. Rudolf Wehrli and Hariolf Kottmann discuss how this was achieved with an integrated approach that creates value in multiple, mutually reinforcing dimensions.**

## **How do you evaluate Clariant's performance in 2016?**

**HARIOLF KOTTMANN** In 2016, Clariant continued to grow in both sales and profitability. With sales growth in local currencies of 2 % and a further expansion of the EBITDA margin before exceptional items to 15.2 %, we achieved our goals. This good performance reflects the excellent execution of our strategy in all businesses to foster growth and improve returns. The advancement stems from our focus on innovation by delivering more added value to our customers, as well as volume increases and continued cost discipline. Throughout 2016 we also made great efforts to improve our operating cash flow and were able to increase it by CHF 144 million to CHF 646 million. Thus, not only can we give our shareholders an appropriate share in the company's success, we are even better equipped to grow both organically and by means of acquisitions.

Part of our global strategy is to seize business opportunities in key markets with excellent prospects through innovations and bolt-on acquisitions. In 2016, for example, the acquisition of Kel-Tech and X-Chem allowed us to strengthen our position in one of the world's largest specialty chemicals markets and benefit from the strong, innovation-driven growth perspective of the North American oil services industry. We complemented our product portfolio and technologies to add value for our customers in optimizing their oil and gas production

operations. In addition, we gained access to major oil basins where we had a lower market presence before. It was just the right moment to invest in a countercyclical manner and take advantage of the current crisis in the industry while future outlooks are promising.

**RUDOLF WEHRLI** With its resilient and diverse portfolio, Clariant was able to grow despite the increasingly challenging economic environment. This is not just a simple matter but a result of exceptional collective efforts. Although global macroeconomic developments are challenging, we have been successful in seizing opportunities at the regional level. In Asia/Pacific, for example, we could increase sales by 4 % in local currencies which is mainly driven by India, China and Indonesia. We were able to »turn the tide« in China, with sales picking up by 7 %. In Latin America we increased our sales by 1 % in local currencies and outperformed our competitors. Although we faced lower demand in North America, especially in the Care Chemicals and Natural Resources business, North America remains a strategically important market for us. Last but not least, Europe shows solid positive growth, mainly driven by volume increases.

**Over the last few years, your reports have included perspectives from different regional markets. This year's report includes a spotlight on Europe. Is the European market not losing importance?**

**HARIOLF KOTTMANN** While opportunities for growth clearly lie in Asia and the Americas, Europe as a mature market remains very important to us. For example, when it comes to cosmetics, Europe stands as a global reference point. With the recovery of the European automotive industry, we also see growing demand in casting products from our Functional Minerals unit.



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**RUDOLF WEHRLI**  
Chairman of the Board of Directors

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**HAROLF KOTTMANN**  
Chief Executive Officer



»With its resilient and diverse portfolio, Clariant was able to grow despite the increasingly challenging economic environment.«

—  
**RUDOLF WEHRLI**  
Chairman of the Board of Directors

With CHF 2 billion in sales, we earn our largest share in this region. 44 % of our employees are located in Europe. It is important to us to stay close to our European customers. Europe is a stable region and our business here is considered Clariant's backbone.

**RUDOLF WEHRLI** Europe is a frontrunner, especially when it comes to sustainability and innovation. Here we find highly trained employees, excellent infrastructure, and valuable partnerships. Our current innovation activities in Europe are promising, especially regarding bio-based raw materials. For example, in the personal and home care markets, our European customers choose EcoTain® products more often and we experience higher margins from these sales compared to the global average. In addition to being a fertile ground for new sustainable innovations, Europe is also the most active region in phasing out outdated products from a sustainability standpoint. The increasingly demanding regulatory landscape also represents business opportunities

that we are well equipped to seize given our firm commitment to sustainability as a focus topic across the organization. In fact, it is one of the five pillars of our overall corporate strategy, and Clariant was recognized as one of the most sustainable chemical companies by the world-renowned Dow Jones Sustainability Index (DJSI) for the fourth consecutive year in 2016.

**Recently, Hariolf Kottman was appointed President of Cefic, the European Chemical Industry Council. What does that mean for Clariant, Mr. Wehrli?**

**RUDOLF WEHRLI** As the voice of the European chemical industry, Cefic promotes strengthening the region for the chemical business. After all, the companies it represents directly provide 1.2 million jobs in Europe. Of course, a favorable business environment in Europe also benefits Clariant. As a partner to EU policymakers, Cefic contributes to the already progressive and commendable regulatory environment regarding industrial



»The chemical industry is central to solutions for global challenges such as climate change and resource scarcity.«

—  
**HARIOLF KOTTMANN**  
Chief Executive Officer

safety and environmental protection. However, Cefic also strongly advocates product stewardship and business sustainability. This focus fits well with Clariant's corporate strategy. On a final note, we are also proud that our CEO acts as president of Cefic, even though Switzerland, where Clariant is headquartered, is not part of the EU.

**Sustainability is one of the five pillars of Clariant's corporate strategy. How does that pay off?**

**HARIOLF KOTTMANN** Sustainability is not only one of our five strategic pillars, it is also embedded in our brand values of Performance, People, and Planet. The chemical industry is central to solutions for global challenges such as climate change and resource scarcity. By leading this change process we gain competitive advantage. Sustainability is actually a prerequisite to entrepreneurial thinking: By taking an outside-in perspective and

appreciating the needs of all our stakeholders, societal and environmental challenges become opportunities for innovative solutions that create added value. With our EcoTain® label and our Portfolio Value Program, for example, we systematically integrate sustainability into our offerings. To date, we offer more than 140 EcoTain® products that often outperform conventional products, not only in terms of profitability but also with respect to performance and sustainability.

**This year for the first time, Clariant publishes the Annual Report in the form of an Integrated Report. This highlights how Clariant creates value through a holistic approach that includes all of its brand values - Performance, People, and Planet. Why did you decide to broaden the reporting perspective?**

**RUDOLF WEHRLI** Corporate reporting is never an end in itself. Instead, it should clearly reflect how a company is managed and how it creates value over time. At



Clariant, we create value in more than one dimension. Our new, integrated reporting explicitly highlights how we are working with the financial, intellectual, human, relationship, manufactured and natural dimensions of capital. This integrated approach ultimately supports our long-term success and helps us differentiate ourselves in the marketplace. This gives shareholders and other key stakeholders a more complete picture for making decisions regarding their relationship with Clariant.

**HARIOLF KOTTMANN** We have a long-term and holistic management approach. While we pay close attention to the financial aspects of business, we also take other aspects of business into account. For the first time, our Integrated Report describes our comprehensive business model that revolves around three key value creation phases: »Idea to Market«, »Market to Customer«, and »Customer to Cash«. Accordingly, we are showing how different resources are incorporated and converted into valuable outcomes for our customers, employees, shareholders, and the environment.

#### **What benefits does this integrated reporting have in your view?**

**RUDOLF WEHRLI** Quite simply, it increases transparency. Over recent years, demands from the financial community for more transparent information have emerged. As the trend goes into the direction of sustainable investments, showing how we create value in the long run is important. Ultimately, our careful attention to financial as well as non-financial indicators also helps us realize increasing returns in the long run. We are convinced that long-term investors will appreciate our forward-looking approach, as it permits a holistic view on our business.

#### **What can we expect from Clariant in the upcoming year?**

**RUDOLF WEHRLI** There are various reasons why 2017 will be even more challenging and demanding than 2016. Strategically, to reach our goals we need to grow beyond the market and be present in the markets where growth is taking place. While our mature markets continue to play an important role, we shift our business focus to China and the Americas even further.

**HARIOLF KOTTMANN** Steering a chemical company to success calls for full dedication to generate cash by managing both costs and growth. In 2017, we will increase our focus on sales and marketing efforts. Our sales teams will be constantly on the lookout for opportunities to make customers aware of innovations that deliver value to them. We will also continue to invest in developing our people, as our sales teams play a key role in fueling sustainable growth.

#### **HARIOLF KOTTMANN**

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Born in 1955  
Chief Executive Officer (CEO) since 1 October 2008  
Member of the Board of Directors since 10 April 2008

#### **RUDOLF WEHRLI**

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Born in 1949  
Chairman of the Board of Directors since 27 March 2012  
2008 - 2012 Vice Chairman  
2007 - 2012 Member of the Board of Directors

# The Foundation **OF SUCCESS**



# 10.2%

## ROIC

Return on invested capital increased from 9.7% in 2015 to 10.2%.

## Vision, Mission and Values

To create added value for customers, employees, shareholders, and the environment, Clariant builds upon its strong foundation: a guiding vision, a clearly defined mission, and a value system that supports everyone at Clariant in exploring new ways to discover value for all stakeholders.

### A dynamic vision and mission

Clariant's vision is to become the globally leading company for specialty chemicals, and to stand out through above-average value creation for all stakeholders. In order to make this vision a reality, Clariant is committed to building and maintaining leading positions in its businesses and adopting functional excellence as part of the corporate culture. Clariant's mission is to create value by appreciating the needs of:

- customers – by providing competitive and innovative solutions
- employees – by adhering to corporate values
- shareholders – by achieving above-average returns
- the environment – by acting sustainably

### Appreciation as the motor of daily business

Clariant is convinced that appreciation is the basis for success in supporting customers to stay ahead in their markets. Appreciation lies at the core of everything

Clariant does, in every area it is active in or has an influence: performance, people and the planet. The company expresses appreciation in countless ways: through a fierce commitment to transparency and integrity; by fostering a spirit of dialog and mutual respect; and by using sustainable, cutting-edge technologies. Continuous dialog allows the company to understand all stakeholders' needs and develop corresponding solutions that help the company meet the most stringent standards and set new benchmarks in its industry. Clariant strives for exceptional performance in everything that it does, and works tirelessly to offer clients innovative, customized, and high-quality solutions.

### CLEARLY DERIVED STRATEGY



»Our vision is to be the leading company for specialty chemicals.«

**HARJOLF KOTTMANN**  
Chief Executive Officer

**Business performance is enhanced by culture and reputation**

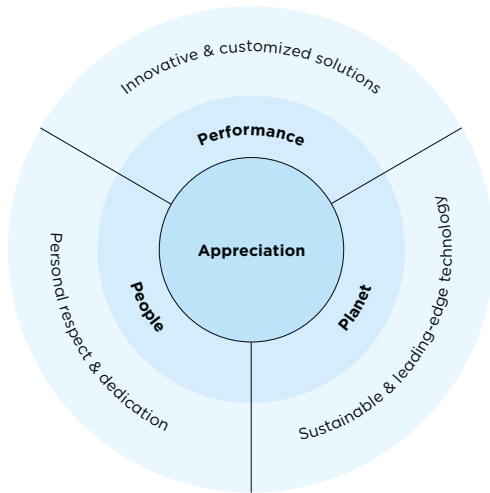
A corporate culture that achieves a balance between business performance, social interests, and environmental targets, and reflects the values of all stakeholders, is critical to value generation and sustainable

growth. Clariant's corporate values are fundamental for creating value and embedding appreciation in the company's culture. Six central values foster a shared and common set of behaviors amongst all employees and help make Clariant even stronger as a brand.

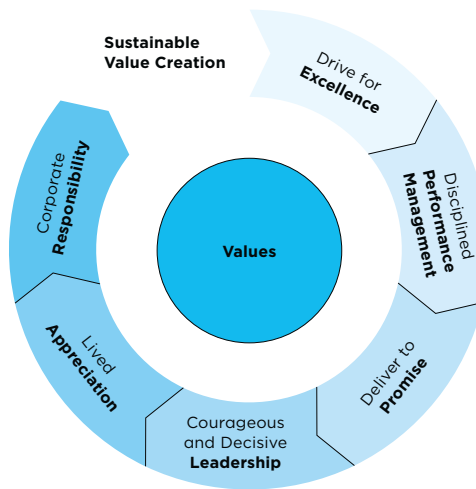
**50**

— basis points increase of margin, to 15.2%

**BRAND VALUES WITH A FOCUS ON PERFORMANCE, PEOPLE, AND PLANET**



**CORPORATE VALUES FOR SUSTAINABLE VALUE CREATION**



# 29%

cash flow increase to CHF 646 million

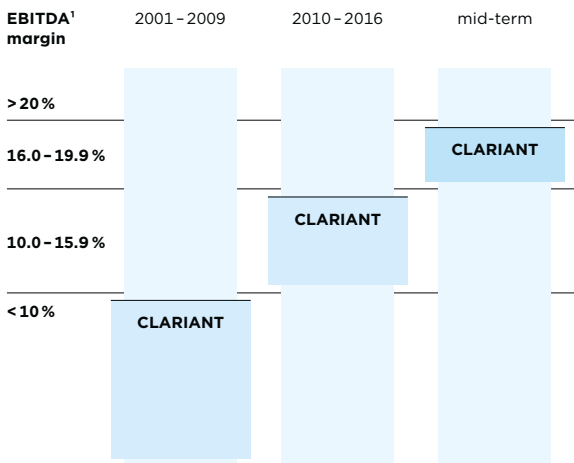
## Objectives and Strategy

To focus Clariant as a whole and all its business areas on value creation, overall objectives and financial targets are complemented by material sustainability topics, supported with a five-pillar corporate strategy, and broken down to the Business Unit level.

### Overall objectives and financial targets for achieving Clariant's vision

Clariant has defined overall objectives and financial targets to articulate the company's vision to become the globally leading company for specialty chemicals and to stand out through above-average value creation for all stakeholders. These objectives and financial targets pinpoint innovation, growth, return on investment, cash flow, industry positioning, investor, employee, and customer recognition, and sustainability.

#### FROM AVERAGE TO THE TOP - ADVANCING INTO THE TOP TIER IN SPECIALTY CHEMICALS



<sup>1</sup> before exceptional items

A key financial target is to achieve an EBITDA margin before exceptional items of 16 – 19% in the medium term. Clariant has made significant progress in that direction over the past few years, and against the backdrop of challenging economic conditions the increase of the EBITDA margin before exceptional items from 14.7% in 2015 to 15.2% in 2016 is considered a success.

The full set of company-wide overall objectives and financial targets is summarized in the table below. The table groups them with regard to the brand value – Performance, People, and Planet – they mainly support and the stakeholder group or topic they most closely relate to.

#### OVERALL OBJECTIVES AND FINANCIAL TARGETS

##### Performance

- Financials:
  - Organic growth (above GDP growth)
  - Profitability (EBITDA margin 16-19%)
  - Return on invested capital (ROIC) above peer group average
  - Strong cash flow generation
  - Advancing into the top tier in specialty chemicals

- Innovation:
  - Known as a powerhouse for R&D and innovation

##### People

- Customers:
  - Serving markets with future perspectives and strong growth rates
  - Focusing on businesses with competitive positions and pricing power

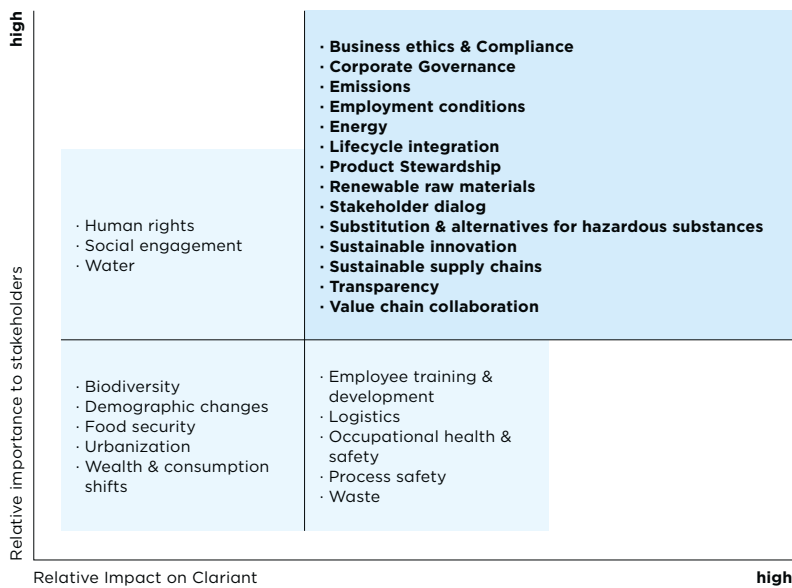
- Employees:
  - Becoming a preferred employer

- Shareholders:
  - Publicly listed with broad shareholder base and reliable long-term anchor shareholders
  - High reputation and known for above-industry average profitability, growth, and Total Return to Shareholders (TRS)

##### Planet

- Solutions:
  - Increasing value by applying sustainability

**MATERIALITY MATRIX BY CLARIANT**



**Material sustainability topics**

Complementing these overall objectives and financial targets when making strategic decisions, Clariant also considers relevant sustainability topics as part of the objective setting. To determine the most material topics and a number of slightly less material but still significant topics, a materiality assessment conducted in 2013 and refreshed in 2015 determined the level of impact of potential sustainability topics on the company and on its stakeholders.

The materiality assessment also showed the significance of external societal trends that Clariant has a limited ability to influence on its own, but that represent

important market drivers for long-term strategic consideration. With the growth of overall global wealth, consumption patterns are shifting. This shift is leading to growing demand for beauty, health, and lifestyle solutions. In addition, demographic changes such as the growing and aging world population are increasing demands related to food security, mobility, and safety. Lastly, increased urbanization is requiring innovative solutions in construction, energy production and use, and environmental protection. Clariant products and services offer a broad spectrum of solutions that respond to these global trends.



reports.clariant.com/2016/sustainability-report

»The chemical market in China is by far the largest in the world. It will also make up two-thirds of the growth of the global chemical market over the next five years.«

**CHRISTIAN KOHLPAINTNER**  
Member of the Executive Committee

Interview  
**Strategic focus on China**

**In April 2016, Christian Kohlpaintner relocated to Shanghai to give the Executive Committee presence in the region to drive strategic execution and to accelerate growth. He discusses the increasing strategic role China plays for Clariant.**

**Mr. Kohlpaintner, from your first-hand perspective of living and working in Shanghai, what role do you see China playing in Clariant's ongoing success?**

**CHRISTIAN KOHLPAINTNER** Living in China has been the most interesting and rewarding experience. China is extremely dynamic, young, and the rapid adoption of new technologies is very visible.

Even with the current decline in growth, described as the »New Normal«, China's economy is expected to grow between 5.5 % and 6.5 % annually. The chemical market in China is by far the largest in the world and will make up two-thirds of the total growth of the global chemical market over the next five years. A strong local presence in China is essential for our strategic pillar of intensifying growth.

**How is Clariant positioning itself for growth in the region?**

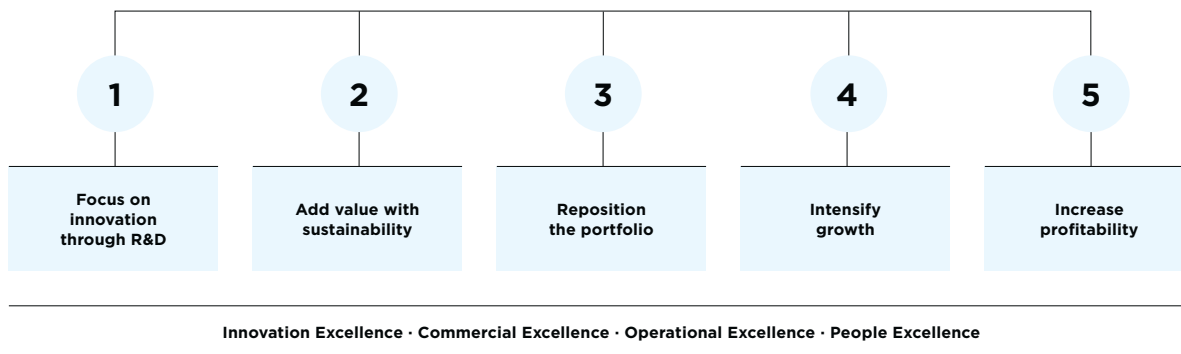
In 2016 we've been very busy putting China at the top of the agenda. We were developing solid strategies to bring China from »fringe to core« in our business ambitions and we are willing to make bold moves.



The Shanghai One Clariant Campus (OCC) opening in the beginning of 2019 will also encompass an innovation center allowing us to develop products from China for China but also for the world. To be able to compete in China this is a must for Clariant.

Also, for the first time, we have clearly defined China objectives for each Business Unit in 2017, with specific people accountable for delivering those plans. In a way, China will be treated similar to a Business Unit, with its own targets for profitability, growth and so on. The targets are ambitious but I'm confident that we'll get traction because performance management, roles and responsibilities, incentives, and resources are aligned. And the accomplished growth of about 7 % in 2016 is a good starting point.

THE FIVE-PILLAR STRATEGY



A key element of assessing the significance of topics was the first Sustainability Dialog 2015 in Frankfurt, where more than 150 representatives from industry, the media, the capital market, and public politics participated. The 2016 Sustainability Dialog revisited these topics when about 200 participants gathered in Shanghai. In 2017, Clariant plans to work with its stakeholders for the next iteration of the materiality assessment.

**Five-pillar strategy**

To summarize how to reach Clariant’s overall objectives and financial targets, five strategic pillars have been developed as guiding themes to orientate and focus strategy implementation.

Composed for the first time in 2010 these strategic pillars were reviewed and refined in 2016, with innovation seen as the starting point and sustainability the subsequent guidepost for future-oriented value generation. Repositioning the portfolio, intensifying growth, and

increasing profitability continue to be vital to further strengthen the focus on value generation for all stakeholders.

Clariant’s Business Units further detail out these five pillars for their respective BU strategies to a level of specific measures to ensure clear guidance on what matters most to achieve the respective financial targets of each BU.

**Clariant Excellence supports strategy execution**

Clariant Excellence (CLNX) has been developed into the Business Excellence program, comprising Innovation Excellence, Commercial Excellence and Operational Excellence, to support the Business Units in their strategy execution.

CLNX supports systematic value creation along the entire value chain, starting from ideation for new products, services or business models, defining commercial strategy to ultimately ensuring effective and efficient production and delivery of finished goods to our customers.





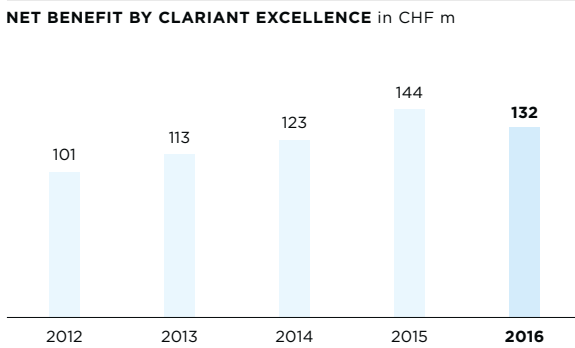
»Clariant’s five strategic pillars reinforce its overall objectives and financial targets with a strong guiding framework, giving direction and focus to the organization.«

**BERND HÖGEMANN**  
Head of Corporate Planning & Strategy

# 4150

## Training for Excellence

To ensure systematic capacity building, more than 4150 employees or roughly 24% of the workforce were trained in Clariant Excellence Programs by the end of 2016.



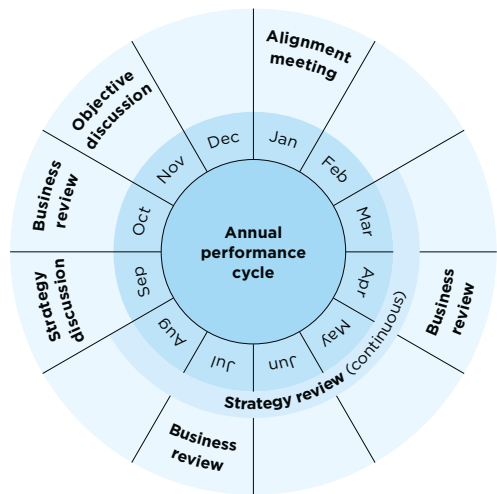
In total more than 1000 CLNX projects were active in 2016, resulting in an additional net benefit of CHF 132 million. Over the past five years, the positive effects just from cost savings and additional margin enhancement have accumulated considerably to approximately CHF 613 million with more than CHF 340 million of hard cost benefit.

People Excellence engages Clariant employees, among others, in leadership development and functional capability building (see also pages 15 – 17). More than 4150 Clariant employees or roughly 24% of the total workforce were trained using the Clariant Excellence Programs by the end of 2016. Systematic capability building is a cornerstone of anchoring the Clariant Excellence tool set and mind set to ensure the sustainability of the Clariant Excellence programs.

## Breakdown to the Business Unit level

To monitor and ensure strategy execution and the achievement of the company’s overall objectives and financial targets Clariant’s Executive Committee (EC) conducts an Annual Performance Cycle. A formal Strategy Review in September of each year, stress-testing the validity of the assumptions underlying a three year BU Strategy Cycle, precedes the annual Objective Discussion for the then following year. The annual Objective Discussion operationalizes financial targets and the underlying strategic and tactical implementation for each year. Business Reviews are being conducted every quarter to ensure performance meets performance expectations, and supportive actions are being discussed and decided where required.

## ANNUAL PERFORMANCE CYCLE



## Employees and Leadership Culture

Empowering and equipping all employees at every level to create value for the company and its stakeholders are essential to success in the marketplace. Clariant's human resources practices, such as recruiting, learning, or performance management, are all designed to support the implementation of Clariant's business strategy.

### Enabling leading performance

Clariant is striving to build a reputation as a preferred employer to attract, engage, and retain the right people on its journey toward a high-performing company. In 2016, Clariant hired 1 675 new employees (581 women and 1 094 men) to support this profitable growth strategy. During the same period, 629 women and 1 269 men left the organization. 38 % of new hires were in high-growth economies (Asia/Pacific and North America). In order to achieve this scale of growth and to successfully attract top global talent, Clariant changed the way it approaches recruitment. The new Global Recruitment Model delivers a more dedicated, targeted and cost effective way to attract and source high caliber talent in the Regions, while also optimizing our employer-branding efforts in these important locations.

To prepare for success and boost performance, Clariant has focused its activities in 2016 on enabling leading performance through best-in-class, cloud-based »MySuccess – Solutions for People« that integrate all people-related processes. It enables managers and employees to contribute successfully to company performance and further develop their skills and expertise. This is supported by easy access to HR data and HR processes and by opening up new ways of interacting

### KEY PERFORMANCE INDICATORS REGARDING CLARIANT'S WORKFORCE

in full time equivalents (FTE) or headcount (heads) as indicated

	2016	2015
<b>Total Staff (FTE)</b>	<b>17 442</b>	17 213
Global Management <sup>1</sup> (FTE)	<b>814</b>	817
Women in Global Management <sup>1</sup> (FTE)	<b>114 (14%)</b>	104 (13%)
Men in Global Management <sup>1</sup> (FTE)	<b>700 (86%)</b>	713 (87%)
General Staff <sup>2</sup> (FTE)	<b>16 628</b>	16 396
Women in General Staff <sup>2</sup> (FTE)	<b>3 599 (22%)</b>	3 652 (22%)
Men in General Staff <sup>2</sup> (FTE)	<b>13 029 (78%)</b>	12 744 (78%)
Turnover rate <sup>3</sup>	<b>10.7%</b>	10.4%
Participants (heads) in 360 degree feedbacks (ML 1- 5 +)	<b>975</b>	1 050
Staff (heads) participated in performance dialogs	<b>9 000</b>	7 880
Total training hours	<b>201 884</b>	182 398 <sup>4</sup>
Training hours per participant (heads)	<b>19</b>	20
<b>Personnel expenditures in m CHF<sup>5</sup></b>	<b>1 383</b>	1 345

<sup>1</sup> Management levels 1-5

<sup>2</sup> Excluding Global Management

<sup>3</sup> Employees leaving the organization divided by staff at year end, not counting changes in the organization's boundary.

<sup>4</sup> Restated after global roll-out of the Learning Management System

<sup>5</sup> Salaries, social welfare contributions and extraordinary personnel costs for own employees. Another CHF 52 million was spent for external staff.

within the Group at all levels, including a new global internal job board that gives all employees the opportunity to view, apply for, or refer friends to one of Clariant's exciting job offers. As a next level of self-service, a new core HR digital solution system »EmployeeCentral@ Clariant« is currently being created as the single global

# 18%

**Global Management**  
18% of employees in Management Level 1-5 are from emerging countries.



»Expectations of high performance, a unique excellence approach, and opportunities to drive change and create value in a respectful, open-minded environment are key elements to position Clariant as a preferred employer.«

**MICHAEL RIEDEL**  
Head of Group Human Resources

## 90

**Diversity**  
People from more than 90 nations form a diverse workforce.

source of HR records and key workforce data. It allows the company to accelerate HR efficiency by streamlining and simplifying HR processes through a globally harmonized application landscape.

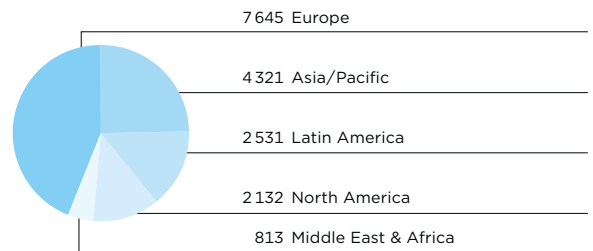
### **Focus on engagement, performance management and diversity**

Since attracting and retaining engaged and motivated employees is vital for Clariant to achieve its goal of leadership and sustainable profitable growth, in November 2016, Clariant conducted its second employee engagement survey. 15 803 employees in 26 countries were invited to participate in 18 languages, corresponding to almost 90 % of the global workforce, and 69 % of those invited or nearly 11 000 employees took part. First results show that Clariant has significantly increased its engagement score and is steadily closing the gap to the global chemistry benchmark. In Latin America and selective SEAP countries, engagement scores are already above the country benchmark. Next steps will be to further analyze, understand, share and discuss results as well as to prioritize issues and plan actions including the monitoring of progress and communication.

An improved performance management tool as a key component of employee engagement and increased attention for a diverse workforce complements Clariant's approach to tackling the ongoing change agenda for a high-performing organization. Clariant employees represent more than 90 nationalities and 44 % of staff works in emerging markets. Across the organization, diversity is lived to ultimately ensure a strong customer service mind-set and triggers organizational growth worldwide. The thought diversity, which is created by the differences among the employee population, en-

### **FTE BY REGION**

Total Staff 17 442



hances creativity and innovation. To Clariant, promoting diversity is not just a policy – it is closely linked to the overall organizational strategy.

### **Empowerment through training and development**

People Excellence embodies Clariant's philosophy for leading people and translates business strategies into relevant people initiatives. A People Excellence strategy defines the capabilities, skills and mind-set needed to successfully execute a strategy – across the entire organization.

People Excellence contains the elements »Leadership Development«, »Culture and Engagement«, »Talent Management«, and »Learning and Capability Building«. In addition, People Excellence ensures that all Recruitment and Performance Management actions are closely linked to Talent Management and current and future organizational requirements.



»Clariant's People Excellence programs and initiatives strengthen consistent leadership behaviors and management practices across the organization.«

—  
**KLEMENTINA PEJIC**

Head of Senior Management Development

### **Investing in Leadership Development**

Demonstrating People Excellence in practice starts with our leaders in the organization – the way how they behave and how they lead and motivate their teams. During the past few years we have systematically defined competency requirements for all key positions to successfully implement strategies. Key position holders are being evaluated in a structured process, receive a factual feedback and benefit from customized learning measures to develop their capabilities.

### **Culture and Engagement enable strong results**

A culture has to be proactively shaped and supported by lean and aligned leadership practices. Continuous learning and development are key pillars for all our employees to keep pace with the changing requirements and the increasing pace in the market. Clariant aims to create a high performance culture where leaders inspire and mobilize their teams and the entire organization with their passion for renewal and thus believe and strive for maximum performance in the company. We offer diverse programs to maximize individual, team and organizational performance.

### **Talent Management – positioning the company for the future**

Today the business environment is highly dynamic – the way to do the job is constantly changing. For continuous success, individuals have to consistently develop new skills to meet the demands of the marketplace. This can be achieved most effectively in the context of business situations directly relevant for the company, which is why cultivating talents internally is often more sustainable than recruiting talents from outside the organization.

We have created a structured approach to Talent Management that links together business strategy, role requirements, recruitment, capability development and performance management. This allows us to effectively attract, identify and develop high quality internal candidates for our leadership positions. Today we have more than 1000 talents in the local, regional and global talent pools that are being systematically developed for broader roles. At Clariant, we have successfully filled more than 85 % of our senior management positions since 2012 with internal talent.

The key pillars in Talent Management are first to understand the right criteria for candidate selection and properly identify employee's future development potential. Implementing a system to develop talents and to measure the impact of leaders in the organization form the second pillar of Talent Management. Making sure that talents are deployed effectively is the third pillar in order to motivate and retain talents in the organization.

### **Learning & Capability Building – empowerment through learning**

One of the key components in Clariant's People Excellence strategy is to offer tailored learning initiatives designed to improve competencies and strengthen individual performance. Clariant empowers its employees to constantly develop themselves through a wide range of learning opportunities. The Clariant Learning & Academy team uses the annual learning needs analysis to identify organizational and individual learning needs and adjust the training courses accordingly.



## One **CLARIANT**

**Lorenzo's earth.** The riches of the European soil mean a lot to Lorenzo Sechi. A Frenchman by passport and a Sardinian by ancestry, he enjoys a good wine if the time is right. And in his business life, he devotes himself to an alkaline clay used in foundries and other industries. It means traveling and talking his way through the old continent, to create value for the company – and being in his favorite spot: all over.

**Concept and photography by** Jo Röttger  
**Text by** Bertram Job

Lorenzo Sechi no longer arrives by ferry when life leads him back to Sardinia. He lands by plane in Alghero in the northwest region of the island. From there, it is a short taxi ride to the hotel by the sea where his next appointment is scheduled. At sunset, he and several colleagues will welcome a small delegation from an important potential new customer on the terrace, followed by dinner together. The dinner will include an assortment of seafood, cold-pressed oils and wines, and the underlying hope on the part of the participants that a fruitful collaboration will take form.

The Sardinian soil yields much more than magnificent vines and gorgeous olives. Deposited here and there in its deeper layers, there is also high-quality bentonite – a clay mixture of different minerals and volcanic ash. Its absorbing properties can be used in a variety of applications, including pharmaceuticals, food purification, foundry industry and even in iron ore pelletization, which makes up part of the operations of the guests' company.

This big player, which is on the lookout for new suppliers, could signify a potential business case for Sechi and his company. The mineral known as calcium bentonite is mined almost exclusively in Clariant Ltd's mines on the island. The island could also be considered a very important part of Lorenzo's world, because Lorenzo, a man with gray-blond hair, born in 1967, comes full circle here personally.

It was much more difficult in the past when his father Vincenzo schlepped the entire family over from Lorraine to the port of Toulon by bus and train with all their suitcases and bags, and then onto the ship to Porto Torres, and then from there down the coast to Bosa. However, his three children didn't think much of it. They looked forward to the summer vacations in the place where the Sechi family originated. They got to enjoy the beach in Bosa Marina, the company of aunts and nieces, and Uncle Pietro's winery in the mountains.

»My father and I rode up on donkeys,« Sechi recalls, »and slept in a barn on fresh hay. It was really fantastic.«

Since then, life has taken on a much quicker pace. The lively boy who used to throw himself into each wave in the ocean around Sardinia now plays a key role for his company today. Sechi heads the Foundry Additives business group, whose products contribute significantly to the increasing sales of the BU Functional Minerals. He also brings his expertise and youthful charm to all matters related to value creation in clays. This is even the case now, during the two days of talks and visits.

Sechi – who is half Sardinian, carries a French passport, has a mother with German ancestry, and a Portuguese partner – is the quintessential European, and he is constantly zipping across the continent for his job.

On one particular morning, Sechi's travels bring him to Beauce, the wheat-producing region southwest of Paris. Here, a medium-sized foundry is tucked away among fields and villages. This is a customer visit without the need for rigid etiquette, as most of the participants have known each other for several years. Sechi recounts that he even found the managing director a job once. At the reception desk, Sechi is recognized immediately. For the rest of the time there, everyone will know and refer to him as Lorenzo.

The few matters that needed to be discussed could probably have been resolved over the phone. However, Sechi is convinced that in this industry, when in doubt, it is better to be there in person. And ultimately, he may also need to be there for his own reassurance. The tour passes through dim halls, which are illuminated by the glistening light of the liquid steel. The visitors exchange glances with the employees, who peer out through protective masks. Industry 1.0 with the most up-to-date technology and safety features.

»These people do not have time to spend hours discussing,« Sechi shared before the visit. »They get straight to the point, and they want to see the sparkle in your eyes when you're standing here. If you don't have that, forget it!«

Sechi already had that sparkle at 16 when his high school class in Lorraine took a field trip to a foundry. After that, it was clear where his path would lead – to the foundry trade school in Nancy. He followed in his father's footsteps, but took a courageous step further. Instead of becoming a shift worker, he became a technician and then a manager. He recounts that in doing so, he learned more than he ever expected, and that he even achieved far more than many thought he could.

Sechi has maintained a sense of respect and appreciation for the hard work involved. And he has obviously maintained the sparkle. You can see it in his face as plans and materials start to take concrete form, such as when brake discs for trucks and buses are manufactured with the help of »his« bentonite additives. These accomplishments are made possible by men who know how to get things done and appreciate the cigarette breaks during the process.

As Sechi explains quite amusedly, casting and smoking just seem to go hand in hand here. So Sechi happily smokes here too, more than usual, and enjoys the time away from the complexities of the world. The relationships that have been established here have since become as solid as the iron itself.

»These people would never take one gram of bentonite from anyone else. Not as long as we maintain this quality and deliver reliably.«

On another business trip, Sechi is whisked away for an entire day and a half to Moosburg, a town located in the province of Upper Bavaria. The zeitgeist that is reflected in the older parts of Clariant's local production and research facilities – like in the old villa of August Osterrieder, the »father of bleaching earth,« who founded the Moosburg clay factory in 1906 – is unmistakable. Today, the former villa has a meeting room that Sechi rarely uses because he is able to directly reach the handful of employees in his business group who are employed here.

Production, processing, testing, and optimization activities have continued for more than 100 years at this historic location, situated 20 kilometers from a bentonite mine. To ensure that operations continue smoothly, Sechi touches base in Moosburg every other week on average. He has become a regular customer in

**»They get straight to the point, and they want to see the sparkle in your eyes when you're standing here. If you don't have that, forget it!«**

the hotel at the train station and in the Italian restaurant in the center of town. Sechi points out excitedly that a Sardinian is a cook there, as if he were one of his fellow countrymen.

Coordination is key. Bentonite is produced at a dozen locations in Europe alone. But service, research and innovation play an equally important role. With the two most important additives in the product group, foundry emissions of toxic compounds such as benzene have already been reduced by over 50 %. This low-emission line continues to be expanded with additional products. This supports more sustainable production – and with it, future market success.

As the top manager, Sechi is constantly zipping back and forth between yesterday and tomorrow, and between engineers and sales managers. His speech is calm and his manner is not at all pompous. He is a leader who sees himself as a member of the team. He explains, »You have to show people respect if you want them to respect you. That's why I try to explain things instead of simply demanding things, which only adds pressure...«

A lot needs to happen before this approach is changed to a less gentle one. Only then does the stereotypically stubborn Sardinian personality show. This was the case when Sechi worked as a site manager in Bangkok, where at one time he replaced the entire workforce. This created a much-needed turnaround in operations. »But there was a weekend where, besides the secretary, I was alone at the company,« he recounts.

Lorenzo Sechi likes to be agreeable, but not at the cost of the successful outcome of his mission. »I always try to stay zen,« he says. »But it doesn't always work.«

A stopover during Sechi's travels brings him to Choisy-le-Roi, one of the amorphous suburbs south of Paris. On the second floor of the company's French headquarters, Sechi has an office without any family or vacation photos. The message being conveyed is: »This is strictly business!« From here, Sechi is able to plan and synchronize his activities and those of the business group. But Sechi hardly feels at home here. He is only on-site two or three days per month on average.

**»If I had to be in the same office every day, I would die. I hate doing the same thing for more than two days in a row.«**

Thus, Sechi has a home base that really isn't one, and a team that is set up mostly virtually. There is an office for Bruno, the sales manager whom Sechi stole away from a foundry, and one for Michel, who takes care of product management. Fabienne also works here. No one in the company, or even on this planet, knows Sechi's strengths and weaknesses as well as his trilingual assistant. She has scheduled his appointments for over 25 years. As Sechi likes to joke, she is not allowed to retire before him.

Nine sales managers are also part of his team. They hail from different corners of the EMEA region, including Sweden, Spain, Portugal and Turkey, in addition to Middle East. Thus, Sechi has an extensive network of employees from all over that Sechi trusts based on his positive experience from working with them. »My success is my team's success,« he says. »It's that simple.«

In the evening, there is still time to have dinner with his daughter Manon. She has just found her first job in the fashion industry in Paris and has so much to talk about. Over the next few days, he will call his son Vincent, who is studying in Reims. It is a difficult trip to Paris city center, which is nearly paralyzed with congestion due to an inordinate number of cars and heavily armed policemen. Nevertheless, the father and his daughter have their set meeting point on the Champs-Élysées, where they are able to enjoy their precious time together. After that, he's off again to the periphery of the city near Orly Airport, where Fabienne has booked him a room in a hotel that is reminiscent of a barracks for the international guard of frequent fliers.

Sechi explains that on such a wonderful evening, you can't be concerned with what just happened in the middle of Paris and what could still happen. »We have to live. Otherwise, we have already lost.«

Next, Sechi is off to northern Portugal for the inauguration of an international center for foundry technology. Here, he will act as a representative and deliver a speech in an old palacio. He then continues onward to Munich for the five-day Clariant Excellence Academy seminar,

which is regularly organized with the intention of providing managers within the company with new inspiration and continued training in methodologies. This is followed by a trip to Tyrol for the annual BU meeting, where the atmosphere among the participants is quite relaxed owing to the record-breaking annual results. And thus the travels continue.

The incessant back-and-forth has long become a true constant in this postmodern life, and the pace is quite rapid. This is reflected in Sechi's approximately 200 flights taken each year, and his more than 50 000 kilometers traveled on the road. But he is far from complaining. »If I had to be in the same office every day, I would die. I hate doing the same thing for more than two days in a row.«

One might have the impression that these words were uttered by someone who touts their strengths and then disappears in the critical moment when they're needed the most. But Sechi has earned the right to say that he has always delivered. This holds true to his favorite motto: »There are no problems. Only solutions.«

Sechi was 31 when he went with his young family to Bangkok to set up a new site for the company. In the beginning, there were only two employees, whom he hardly understood, and he had no office of his own. Eight years later, the site has become a profitable part of the company, and Sechi has become half Thai, which some customers and colleagues like to say in good fun. When he left, the staff was clearly going to miss him. »Even the sales managers cried,« he recounts.

Soon after that, there was another site to look after in the People's Republic of China, a few kilometers from the border with Mongolia. It was tedious but also rewarding to bring it up to European standards. Back in France, similar assignments followed, which Sechi tackled from Reims.

Wherever the committed Sechi appears – be it in Poland, Sweden, Mexico, Brazil, Milan or Sardinia – there will eventually be more solutions than problems. In Sardinia, Sechi has been a managing director for about two and a half years. The staff listens to him – and not just because of his Sardinian roots.



Something about his way of dealing with people might also play a role. »At the very least, I get people to follow me,« he says. »I don't know why. Perhaps it's because I'm quite natural. It's easy to see if I'm happy.«

As a child, Lorenzo Sechi learned to overcome linguistic and cultural differences so that he could step into the game and play alongside everyone else. The children of immigrants from different parts of the world – from Portugal to the Maghreb – would play together in the street in Custines, which is 15 minutes from Nancy by car. »It was a wonderful mix of people,« he says. Once the neighborhood's fathers sped off on their mopeds to the nearby foundries, the road was an open field for the kids to share adventures together. This street is still a place of refuge. Germaine Sechi still lives in the same house, and is cared for primarily by her daughter Sabrina. But her eldest, Lorenzo, now prefers to stay indoors. Outside, everything is deserted. There is nothing to see. As his mother remembers, Lorenzo was always on the move – and talked incessantly. A framed photo in the living room shows him as a cheerful boy with wiry hair. Another shows Lorenzo's father, who has passed, and who looks a lot like Lorenzo.

Vincenzo Sechi was a star in his son's eyes when he told him about the foundry. This world has disappeared from Lorraine, but Lorenzo has been able to preserve a few of the values of this world. After over 27 years in the same company, he continues to exhibit loyalty, respect and reliability.

Communication has since become much faster. In almost any situation, one can react instantaneously. This benefit has come along with a certain cost for Sechi. Everyone produces mountains of e-mails instead of making decisions independently. Everyone is trying to be more and more like each other instead of venturing down their own paths. »People spend hours in front of their laptops and think that is the best way to make themselves understood. But people interact best when they meet in person, when feelings are able to be conveyed through body language in addition to words.«

**»I feel at home when I'm with people who enjoy their time with me. Relationships are more important than places you can travel to.«**

But how can one be at home when he is constantly »in transit« between two meetings or two locations? Together with Marie, his new partner, Sechi recently moved into a house in Bourgoin-Jallieu, a charming town between Lyon and Chambéry. There, they have been able to put down some roots without causing him any worry. »I feel at home when I'm with people who enjoy their time with me. Relationships are more important than places that you can travel to.«

There are no tangible results even on the third day Sechi spends in Sardinia with the delegation from the potential customer. But there are some initial signs. The guests have seen the mine above Alghero and the production process in Oristano. They are impressed by the meticulousness and sustainability of the operations. Now it comes down to the next steps. In the best case, it could be a sustainable deal. Sechi knows this, and yet he remains calm. It quickly looks promising though. For Sechi, the tour also served as a reunion with several employees he got to know during his time as managing director, including Franco, whom he considers a brother, and who took over his old position. If the deal comes to fruition, Sechi would be especially happy for the men and women who welcomed him on the island with open arms. »I'm doing this first and foremost for them and their families. Their jobs would be secured for years to come. There are not very many jobs here...«

The next morning, Sechi returns to Alghero Airport for the trip back to France. He will be at home with Marie for a half hour and will then visit two customers after that. But one day, he wants to take the ferry back to Sardinia again. »It's best to go to Genoa,« he thinks aloud, »to depart at night.« A whole night in the belly of the ship, floating along through the Mediterranean Sea: This is the dream of a man for whom things never go fast enough.



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**ITALY**  
Sardinia, Capo Caccia





ITALY  
Sardinia, S'Aliderru



ITALY  
Sardinia, Bosa



ITALY  
Sardinia, Bosa Marina







**FRANCE**  
Paris, Quartier Latin



**FRANCE**  
Paris, Metro







—  
**GERMANY**  
Munich, Clariant Academy









FRANCE  
Lorraine, Custines

FRANCE  
Lorraine, Nancy











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**FRANCE**

Hauts-de-France, Méru, EJ Picardie



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**FRANCE**

Auvergne-Rhône-Alpes, Portes-lés-Valence



—  
**FRANCE**  
Gasville-Oisème, Samrev Foundry







FRANCE

Gasville-Oisème, Samrev Foundry



**GERMANY**  
Bavaria, Clariant, Moosburg facility



**GERMANY**  
Munich, Oktoberfest



**GERMANY**  
Bavaria, Clariant, Moosburg facility



**PORTUGAL**  
Porto, Maia, Sakthi Foundry







—  
**PORTUGAL**  
Aveiro, Águeda, CITNM



# About ONE CLARIANT

»Photography captures that something special in every moment. Something authentic that cannot be planned in advance.«

—  
Jo Röttger

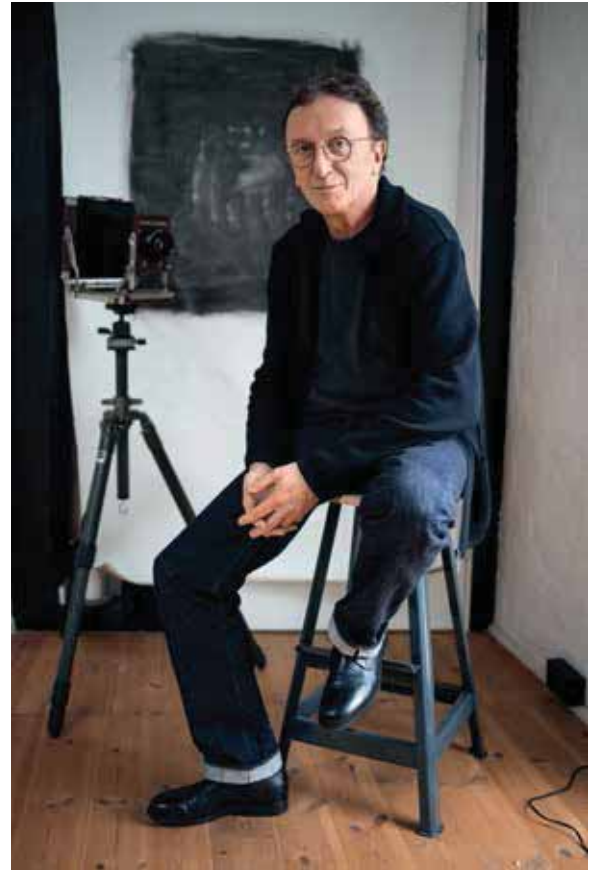
Photo reportage

## **Five people in five countries, infinite perspectives**

For Jo Röttger, there is one basic rule: »You must not betray the trust of the people you are photographing.« In 2012, he developed the photo reportage »One Clariant« according to this premise.

Jo Röttger, born in 1954, studied photography in Dortmund; his photo series have been published in various international magazines. In addition, he is currently working for various clients in the Corporate Communications field and conceptualized his own freelance photo projects for many years. A private project led on to a cooperation with Clariant. In spring 2012, Röttger presented the work »Cross the Stream«, which focused on life near and on the Elbe in Hamburg. Among the visitors was Hariolf Kottmann, who was immediately struck by Röttger's images. The CEO and the photographer agreed to a joint collaboration for Clariant.

It quickly became clear what topic Röttger should address: What really connects the employees of Clariant? A simple question, but also a major challenge considering its colorful history. What holds a young company together, which is based on so many different traditions? To address this, Jo Röttger traveled to five different regions and met employees that reflect the cultural diversity and global orientation of Clariant. Planned as a series from the very beginning, One Clariant intends to tell real stories from real people in their real environment. After five years, it comes full circle – with the story »Lorenzo's Earth.«



Röttger is always looking for primitive moments. As such, the initial picture in all One Clariant series is always people in their original landscape. In the landscape of childhood and familiarity. The gaze of the protagonists in these images is directed out of the picture to the left, back into their own history. Where do the people come from? How have they become who they are? And what is important to them for the future? The answers of those portrayed are certainly different, but a common image can be shown in retrospect: Not only do they all have an intimate connection to their families and a deep identification with their home, but also the desire that their own children and future generations in general can lead fulfilling lives. That they discover a planet and a society who also want to preserve this for their children. The landscape represents their own childhood.

Qinglin Zheng, Marcia Rios, Mini Nair, James Begeal and Lorenzo Sechi go to work every day for this vision. Each person knows that a leadership position in

a global company also means global responsibility. All of them live globalization by aspiring to impart a similar awareness of sustainable value creation both in their field and in their colleagues. Do to so, they use their positions in the company and their international contacts. And all five meet the basic requirements for their visions: An openness to new ideas and the appreciation of the status quo.

One Clariant as a whole now comes home for Röttger – to Europe – as an award-winning success story. He sets off from the Elbe and it is here where he always returns, to his studio in Hamburg Ottensen. It is here where the photos were laid out on the wooden floor, discussed and made into a story. Into five stories – and to One Clariant. Since the introduction of the new brand in 2012, the photo series is an integral part of the Annual Report. Since then, the public perception of the annual reports has also continuously improved. After three years finishing with top rankings, the 2015 report has been named the best Swiss annual report for the second time after 2013.

This is certainly also thanks to the catchy photo spreads by Röttger, who can capture special moments in each story. Moments that you can't plan or prepare, that just happened. For example, Qinglin Zheng with his large family sitting at the dinner table and his brother spontaneously raises a toast to the mother. Or in São Paulo, as Marcia Rios shows a church from colonial times whose facade is covered with fungus, for which her department develops fungicides. As Mini Nair ravel into the evening light of Bombay with her children on a ship or as James Begeal says grace with his family. Finally, Lorenzo Sechi, who proudly declares that he comes from a working class family while standing in the home he was raised in. All of them allowed Jo Röttger to photograph these intimate moments. Deep, multi-layered insights into life in and around Clariant.



—  
**LORENZO SECHI**  
2016



—  
**JAMES BEGEAL**  
2015



—  
**MINI NAIR**  
2014



—  
**MARCIA REGINA DA SILVA RIOS**  
2013



—  
**QINGLIN ZHENG**  
2012

# Five-Year Group Overview

## 2012 - 2016

CHF m	2016	2015	2014	2013	2012
<b>Group sales</b>	<b>5 847</b>	5 807	6 116 <sup>1</sup>	6 076 <sup>1</sup>	6 038 <sup>1</sup>
Change relative to preceding year					
in Swiss francs (%)	<b>1</b>	-5	1	1	8
in local currencies (%)	<b>2</b>	3	5	4	8
<b>Operating income before exceptionals</b>	<b>622</b>	596	585 <sup>1</sup>	574 <sup>1</sup>	546 <sup>1,2</sup>
<b>Operating income</b>	<b>512</b>	496	525 <sup>1</sup>	470 <sup>1</sup>	411 <sup>1,2</sup>
<b>EBITDA before exceptionals</b>	<b>887</b>	853	867 <sup>1</sup>	858 <sup>1</sup>	817 <sup>1,2</sup>
<b>EBITDA</b>	<b>785</b>	767	923 <sup>1</sup>	797 <sup>1</sup>	690 <sup>1,2</sup>
<b>Net income</b>	<b>263</b>	227	235 <sup>1</sup>	323 <sup>1</sup>	203 <sup>1,2</sup>
<b>Basic earnings per share (in CHF)</b>	<b>0.78</b>	0.67	0.55 <sup>1</sup>	0.98 <sup>1</sup>	0.68 <sup>1,2</sup>
<b>Distribution per share (in CHF)</b>	<b>0.45</b>	0.40	0.40	0.36	0.33
<b>EBITDA margin before exceptionals (%)</b>	<b>15.2</b>	14.7	14.2	14.1	13.5 <sup>2</sup>
<b>Return on invested capital (ROIC) (%)</b>	<b>10.2</b>	9.7	9.4 <sup>1</sup>	9.5 <sup>1</sup>	9.4 <sup>1</sup>
<b>Operating cash flow</b>	<b>646</b>	502	334	301	468
<b>Investment in property, plant and equipment</b>	<b>297</b>	374	310	292	311
<b>Research &amp; Development expenditures</b>	<b>206</b>	206 <sup>3</sup>	213 <sup>1</sup>	199 <sup>1</sup>	175 <sup>1</sup>
<b>Depreciation and amortization</b>	<b>265</b>	257	282	284	316
<b>Net working capital</b>	<b>1 087</b>	1 027	1 169 <sup>1</sup>	1 036 <sup>1</sup>	1 079 <sup>1</sup>
in % of sales	<b>18.6</b>	17.7	19.1 <sup>1</sup>	17.1 <sup>1</sup>	17.9 <sup>1</sup>
<b>Total assets</b>	<b>8 365</b>	7 461	7 915	8 174	9 467 <sup>2</sup>
<b>Equity (including non-controlling interests)</b>	<b>2 546</b>	2 494	2 733	2 780	2 666 <sup>2</sup>
<b>Equity ratio (%)</b>	<b>30.4</b>	33.4	34.5	34.0	28.2 <sup>2</sup>
<b>Net financial debt</b>	<b>1 540</b>	1 312	1 263	1 500	1 789
<b>Gearing ratio (%)</b>	<b>60</b>	53	46	54	67 <sup>2</sup>
<b>Employees</b>	<b>17 442</b>	17 213	17 003	18 099	21 202

<sup>1</sup> Continuing operations (see note 1.04 in the Financial Report of the 2012 Annual Report)

<sup>2</sup> Restated (see note 1.03 of the Financial Report of the 2013 Annual Report)

<sup>3</sup> Reclassified