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Purpose-led strategy

The purpose journey at Clariant

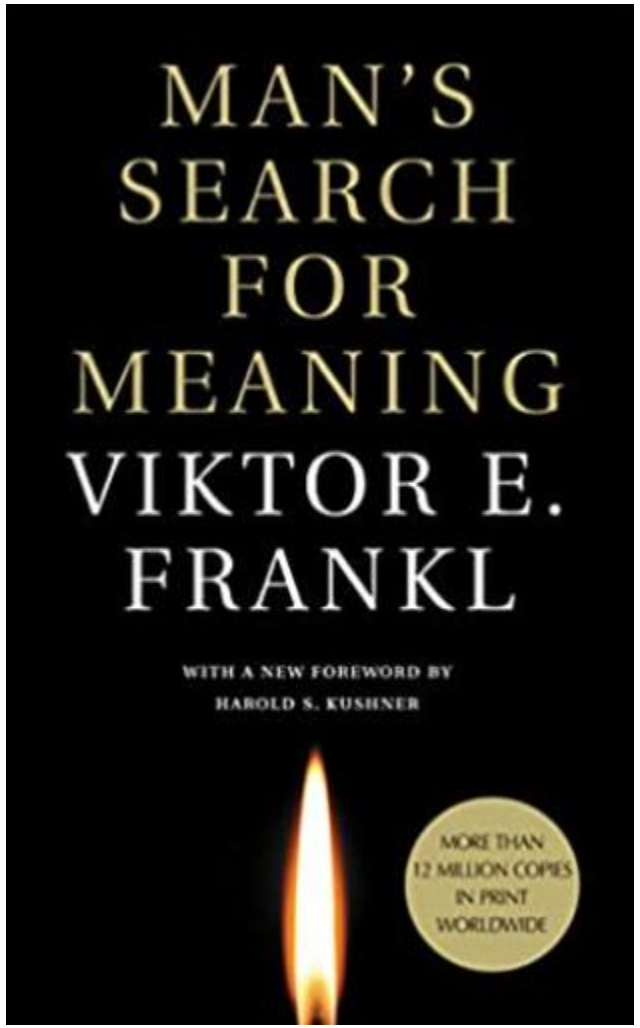
18.05.2022

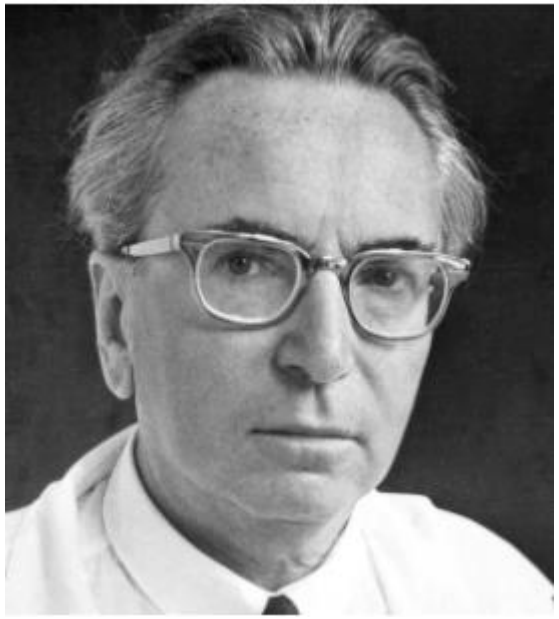
what is precious to you?

Why purpose matters

Let’s look at ourselves – purpose and the meaning of life

Based on his experiences as a prisoner in Nazi concentration camps, psychiatrist Viktor Frankl developed a method which involved identifying a purpose in life to feel positive about. According to Frankl, the way a prisoner imagined the future affected his longevity.





Viktor Frankl
1905-1997

Let’s look at ourselves – purpose and the meaning of life

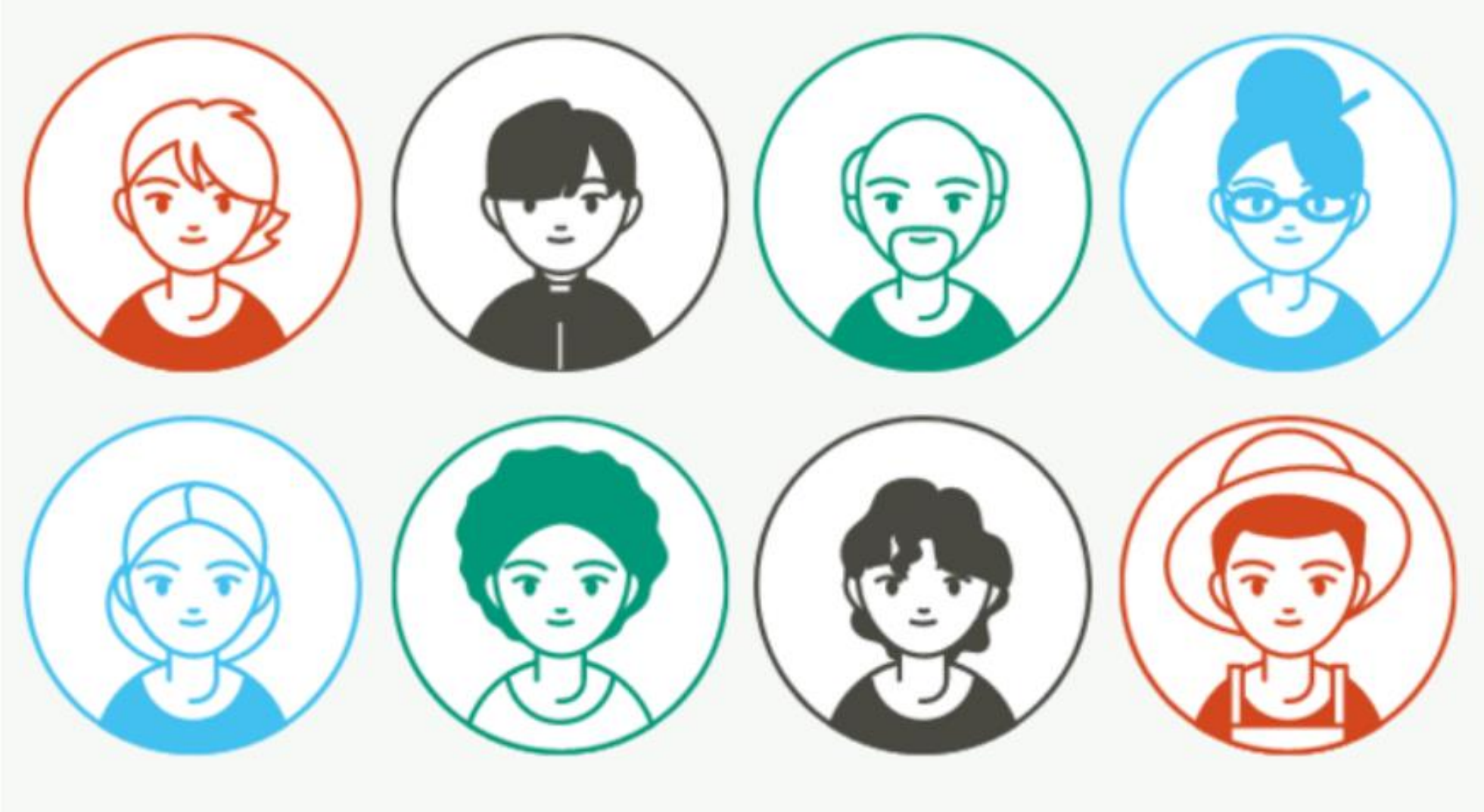
“Everyone has something that drives them.” This was the motto of an advertising campaign launched by the German cooperative bank Volksbanken Raiffeisenbanken in 2009.

Quote Jürgen Klopp: “The desire to win that rages inside me. “

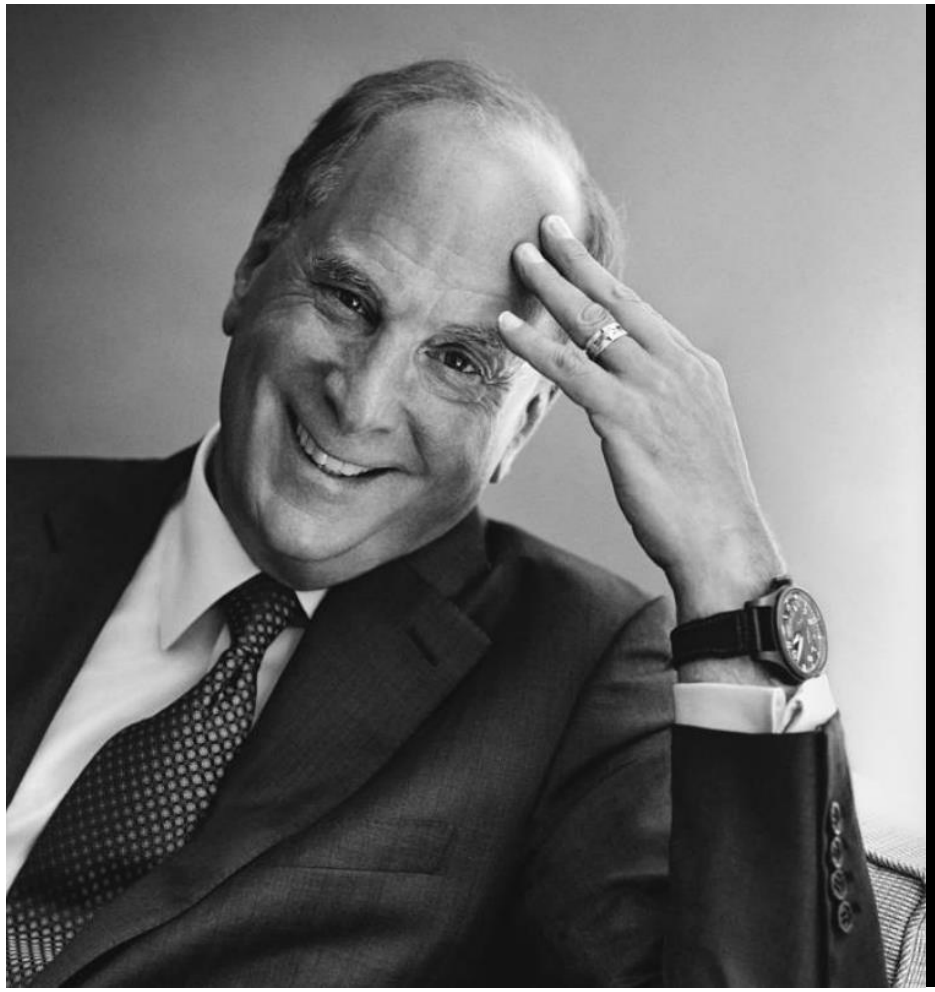
The Friedman doctrine – why should a company have a purpose (besides maximizing its profits)?

What is the purpose of purpose? To meet the changing demands of various stakeholders.

Customers, employees, society, investors – they all look behind the curtain and ask companies about their ethical foundation.



Stakeholder Capitalism



"Purpose is a company's fundamental reason for being – what it does every day to create value for its stakeholders."

– Larry Fink
BlackRock Chairman and CEO

Stakeholder Capitalism – have we reached the point of no return? WEF declares purpose as #1 governance topic.

Why purpose matters to us (in the chemical industry)

It’s a traditional business
The chemical industry since 1850

- Since 1850: **Scientific discoveries** as driving force behind emerging chemical industry
- After World War I (1920s), **multinational companies** emerged (“IG Farben”)
- Since 1970s, **diversification leads to conglomerates** while **safety and environment protection** changed needs (sparked by huge accidents, e.g. Seveso, Bhopal, Schweizerhalle etc.)
- Since late 1980s: conglomerates achieve **maturity levels**
- After 1990: focus on **shareholder value**, more **competition and globalization** (emerging markets), further **specialization** and shift to **sustainability**

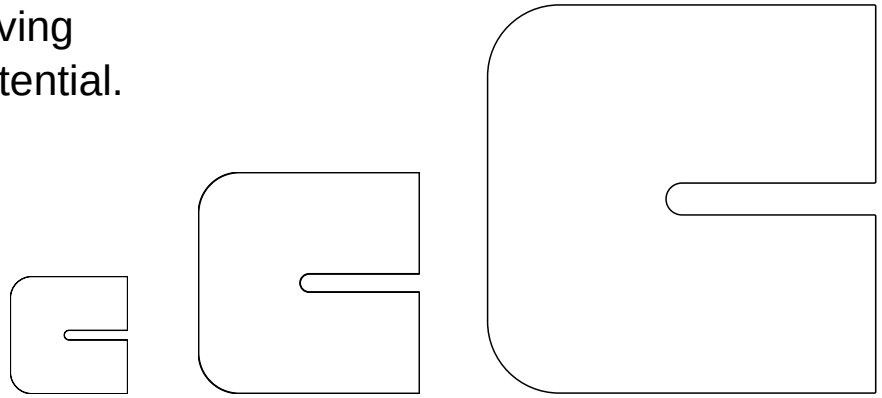
Why purpose matters to us (at Clariant)

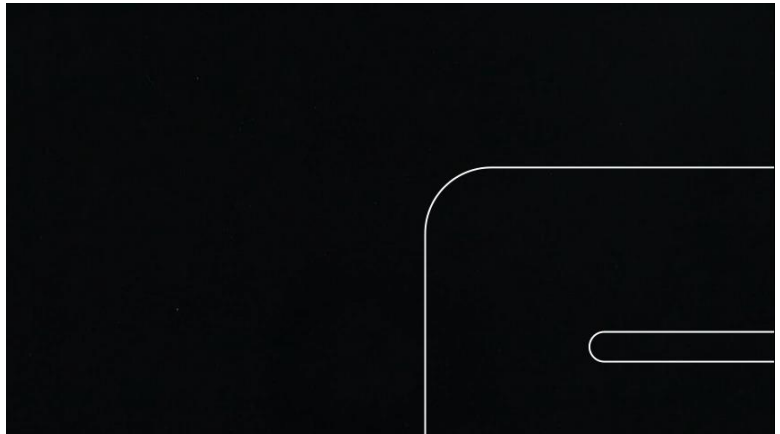
History: the brand as main carrier of identity

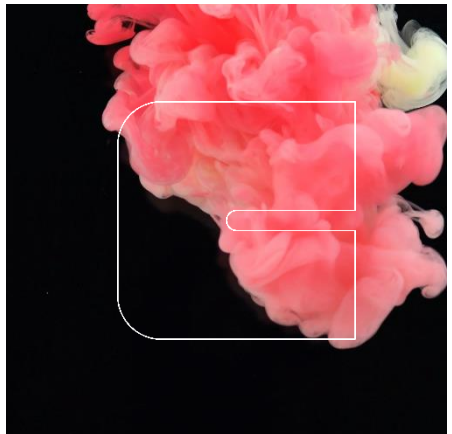
Our purpose is built on a strong brand.

Branding I: visuals

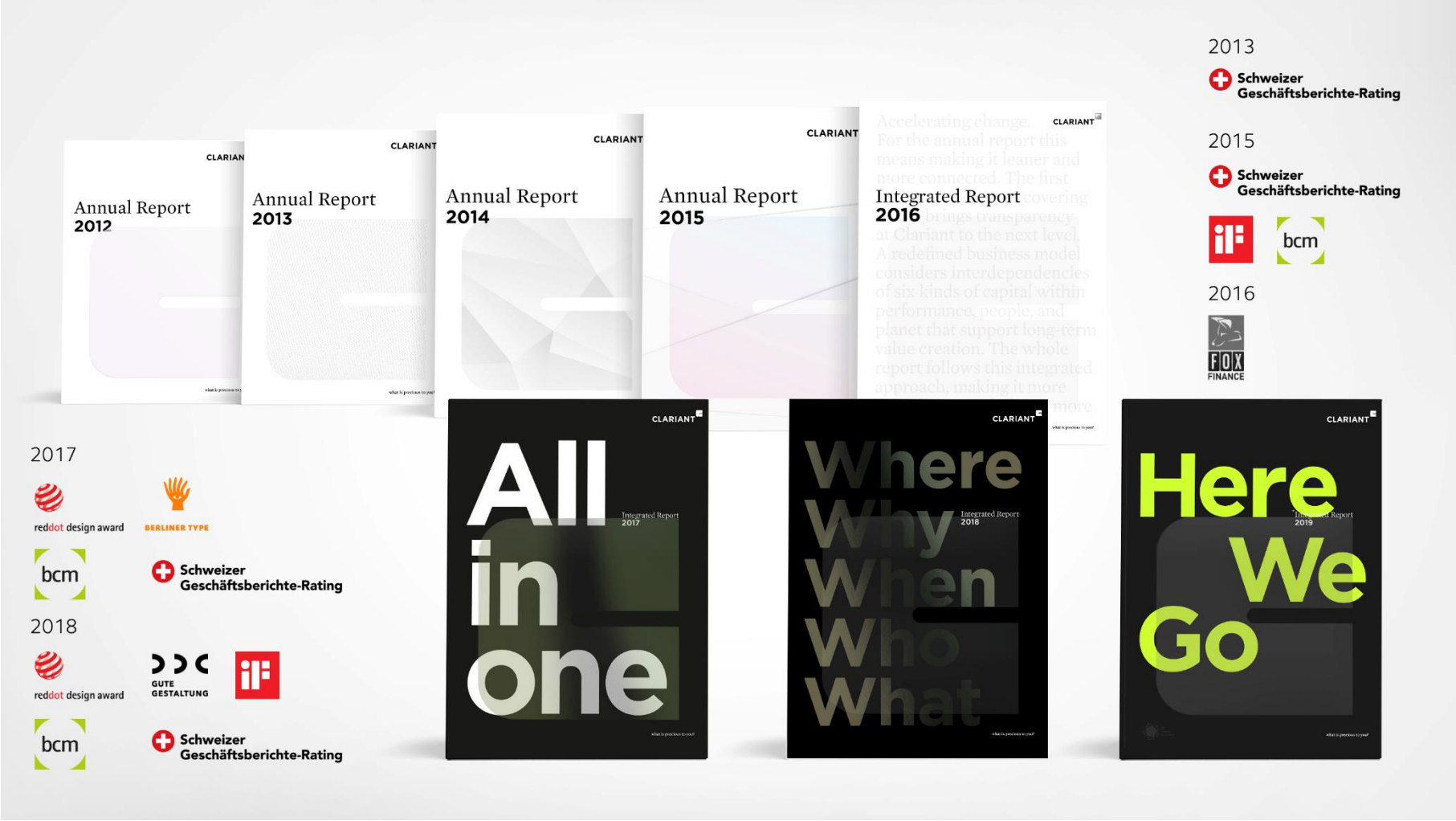
Flexibility first. The outline badge is used as a design element. It can be freely positioned in a variety of layouts. In combination with moving background elements, it reveals its full potential.





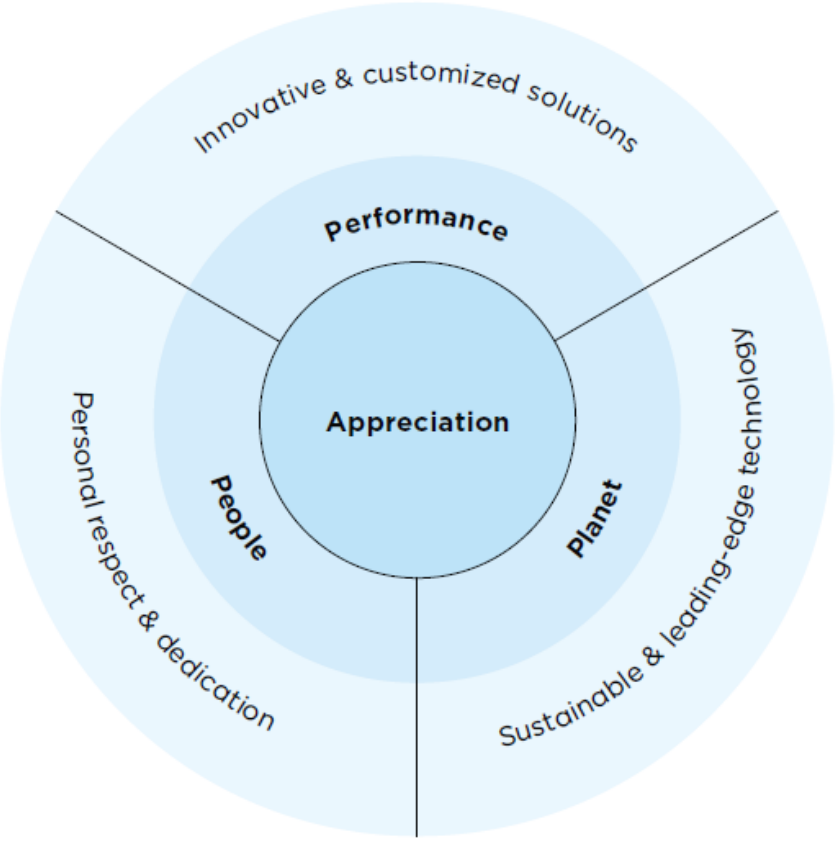


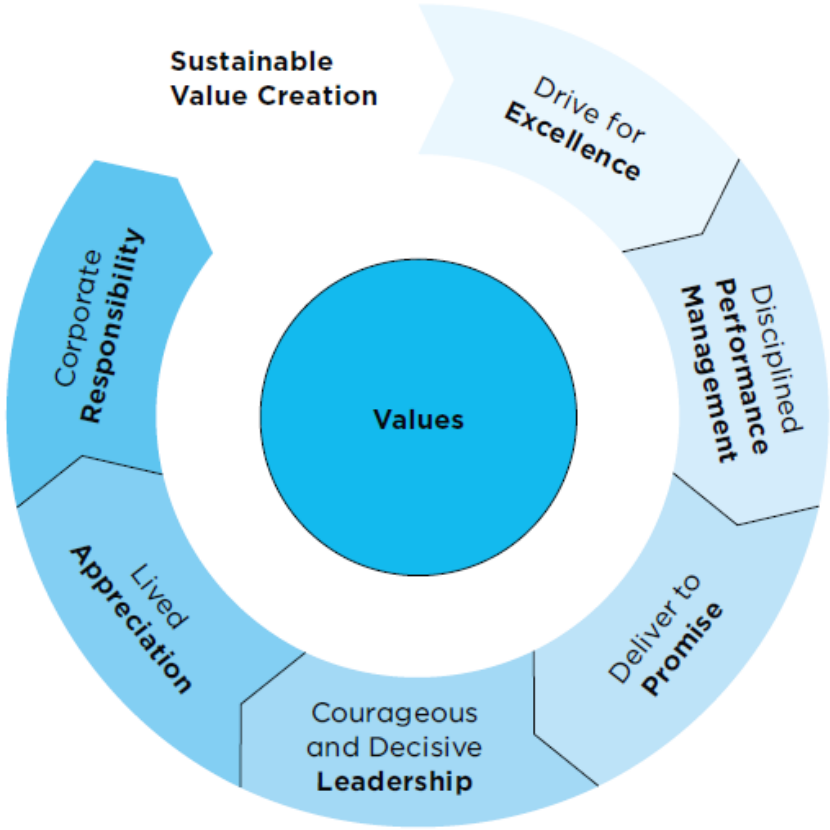
Branding II: Corporate Report as brand platform



Clariant Reporting supports positive reputation.

Branding III: Brand values as foundation for corporate values





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Branding IV: purpose leads to new approach with strategy as core

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Into the new: mastering the transformation with our purpose-led strategy

what is precious to you?

Clariant today is a Global Leader in Specialty Chemicals

~ 11 500
Total staff (FTE)

95
Nationalities

0.16
LTR[1]

3
Core Business Areas

80
Production sites and R&D centers worldwide

4 152
Sales (CHF m)[2]

676
EBITDA (CHF m)[2]

16.3 %
EBITDA margin[2]

42 %
EMEA

31 %
APAC

27 %
Americas

[1] Lost Time Accident Rate in FY 2020; [2] Last Twelve Months (LTM) Sep 2021, continuing operations

Focus on Core Specialty Businesses to Realize Their Full Potential

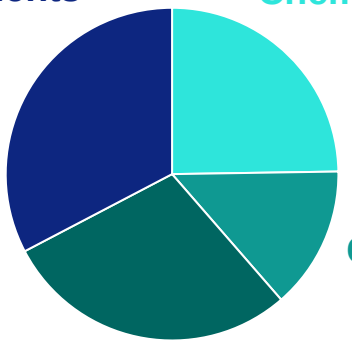
2019[1]

CHF 6.5 b
Sales

CHF 850 m
EBITDA[3]

13.0 %
EBITDA margin

Sales



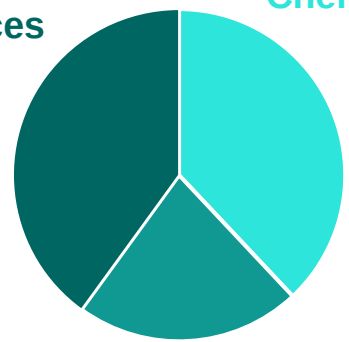
2021[2]

CHF 4.2 b
Sales

CHF 676 m
EBITDA

16.3 %
EBITDA margin

Sales



[1] Total Group; [2] LTM Sep 2021 continuing operations; [3] Adjusted for CHF 231 m provision for competition law investigation by the European Commission

Our Specialty Portfolio is Positioned in Attractive End-Markets with Increased Demand for Sustainability Solutions and an Increased Exposure to Consumer Markets

Our purpose was co-created by employees and customers

Objective

- Define an **inspiring and strategically sound purpose**
- Build an **aligned and committed leadership team**

Approach

- **Listen to the organization** (management interviews and broader survey)
- Include and engage **employees** as part of the journey
- Engage and listen to **customers**
- Understand **macro and market trends**
- Run **series of workshops** with key stakeholders to co-create purpose

Results

- Clear **purpose statement** that is aligned in the organization
- Translating purpose into **specific actions** to **mobilize the organization**
- Engaging leadership and employees along the **development journey** to drive **alignment** and **commitment**
- **Inspired employees to get into action together**

Clariant's Purpose: "Greater chemistry – between people and planet"

Purpose-led strategy

Customer focus

Innovative chemistry

Leading in sustainability

People engagement

New financial targets

New non-financial targets

New Group Targets with the Ambition towards Top Quartile in the Specialty Chemicals Industry

Purpose-led strategy

- **Customer focus**
- **Innovative chemistry**
- **Leading in sustainability**
- **People engagement**

Clariant's purpose: "Greater chemistry – between people and planet"

New financial targets by 2025

- **4 - 6 %** Sales growth p.a.
- **19 - 21 %** EBITDA margin
- **~ 40 %** FCF conversion[1]

Non-financial targets

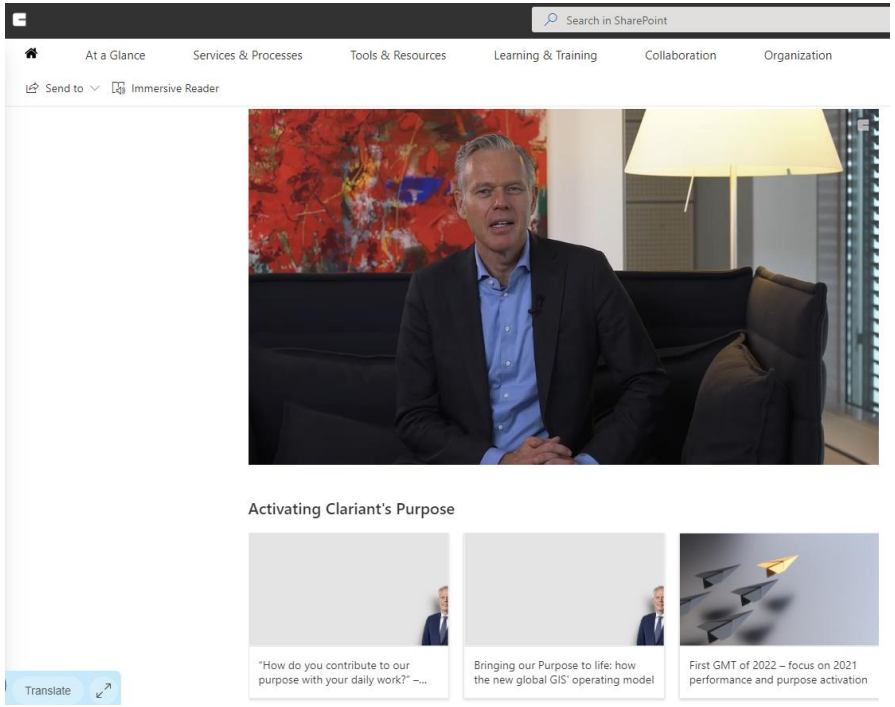
- **40 %** Reduction in Scope 1&2 emissions by 2030
- **14 %** Reduction in Scope 3, cat. 1 emissions by 2030
- **Top Quartile** Employee Net Promoter Score (ENPS)

[1] Defined as (cash generated from operating activities – capex)/EBITDA

Bringing the purpose to life: external and internal purpose activation

INTERNAL ACTIVATION

- Intranet microsite
- Activation workshops



EXTERNAL ACTIVATION

- Capital Markets Day
- Full Year 2021 results

Unfortunately, nothing came of the planned party...

Clariant-Mitarbeitende manipulierten Bilanz – Aktie stürzt ab

Motiv war nicht Gier Der Chemiekonzern muss die Medienkonferenz abblasen: Die Bilanzen von 2020 und 2021 sind offenbar geschönt.

Morgen wollte der Baselbieter Chemiekonzern Clariant seinen Jahresabschluss vorlegen. Nun

offenbar tatsächlich tut. Clariant will ihre Ebitda-Marge auf 16 bis 17 Prozent steigern – im dritten

Dubiel. Hauptaktionär von Clariant ist der saudiarabische Staatskonzern Sabic. Seit 2008 hatte

Clariant-Werk in der Schweiz: Der neue Konzernchef Conrad Keijzer will den Kulturwandel vorantreiben.

Schwarzer Tag für Clariant

Mitarbeiter des Schweizer Spezialchemiekonzerns haben offenbar gezielt die Zahlen manipuliert. Bilanzvorlage und Hauptversammlung müssen verschoben werden. Die Aktionäre sind schockiert.

Von Johannes Ritter, Zürich

beteiligt gewesen sei.
Mit der genauen Prüfung der Sachver-

Bilanzvorwurf: Clariant-Aktie stürzt ab

ZÜRICH - Nach Hinweisen von internen Whistleblowern überprüft der Schweizer Spezialchemiekonzern Clariant seine Bilanz auf mutmaßliche Manipulationen. Die Untersuchung konzentriere sich auf die Verbuchung von Rückstellungen und Abgrenzungen in den Geschäftsjahren 2020 und 2021, teilte das Unternehmen aus Muttenz bei Basel am Montag mit. Den Hinweisen zufolge hätten Mitarbeiter Falsch-Buchungen vorgenommen, um die Ergebnisse des Unternehmens so zu

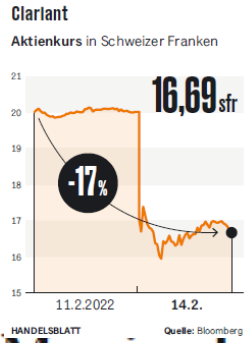
Clariant in alten Mustern

DOMINIK FELDGES

Ein solcher Vorgang kommt selten vor: Der Chemiekonzern Clariant hat am Montag nur zwei Tage vor der geplan-

triebs-Cashflow (Ebitda) eine Rendite von 19 bis 21 Prozent anzustreben.

Was die letztjährige Geschäftsentwicklung betrifft, hat Clariant nun zu-



Bert Fröndhoff Düsseldorf

Der Spezialchemiekonzern Clariant hat eine Untersuchung wegen einer möglic
tion wichtiger
fern eingeleit
seinen Jahresabschluss
Aktie brach daraufhin a

Einfluss auf Umsatz und Cashflow gehabt haben. Allerdings sollen Margen aufgeblüht worden sein.

suchung könnte Clariant gezwungen sein, zuvor veröffentlichte Finanzberichte anzupassen, hieß es weiter. Auch

Clariant se hunde en Bolsa por un presunto fraude contable

A. Fernández. Madrid

El grupo suizo de química es-

diente y aclarar lo sucedido.

La compañía dirigida por

la turbulenta trayectoria de Clariant en los últimos años.

Clariant schockt mit Manipulationsverdacht

Der Aktienkurs des Spezialchemieherstellers bricht um bis zu 18 Prozent ein. Krise oder Sturm im Wasserglas wie bei Adecco im Jahr 2004?

Daniel Zulauf

Der Baselbieter Spezialchemiekonzern Clariant prüft mögliche

seien gewisse Rückstellungen und Wertberichtigungen, die auf Länderebene möglicherweise

nicht betroffen. Dieser Hinweis ist insofern von Bedeutung, als die Käufer im Fall von Manipu-

What’s next?