

# Our Passion for Glass

The SCHOTT Strategy Framework

**SCHOTT**  
glass made of ideas

## CONTENTS

- 3 Introduction
- 4 Strategy Framework
- 6 Mission
- 10 Vision
- 14 Aspiration
- 22 Values
- 26 Structure, Roles and the Connected Company
- 34 Strategic Business Fields and Portfolio Management
- 38 Brand
- 42 Concluding Remarks

# Our Passion for Glass

The SCHOTT Strategy Framework

»Success needs a common understanding of what we do, why and how we do it.«

Myrian Carina Velazquez  
Buenos Aires | Argentina



## SCHOTT – a Specialty Glass based Portfolio Company

Since 1884, SCHOTT has stood for outstanding expertise in glass.

Today, SCHOTT is a specialty glass based portfolio company

- serving a wide range of industries and markets
- with a broad spectrum of products and services
- by means of a global footprint in production and sales
- under a common brand.

And tomorrow?

# The SCHOTT Strategy Framework

Our Strategy Framework sets the basis for the future development of our company. It guides us by giving answers to three essential questions:

## Why are we here?

Industry leading competencies in glass that have been developed over decades form the basis for our existence – our Mission.

## What do we aim for?

We have a timeless long-term goal that motivates us everyday and everywhere – our Vision.

To have a clear reference point on our way to fulfilling the Vision, we defined strategic goals to be achieved by 2020 – our Aspiration.

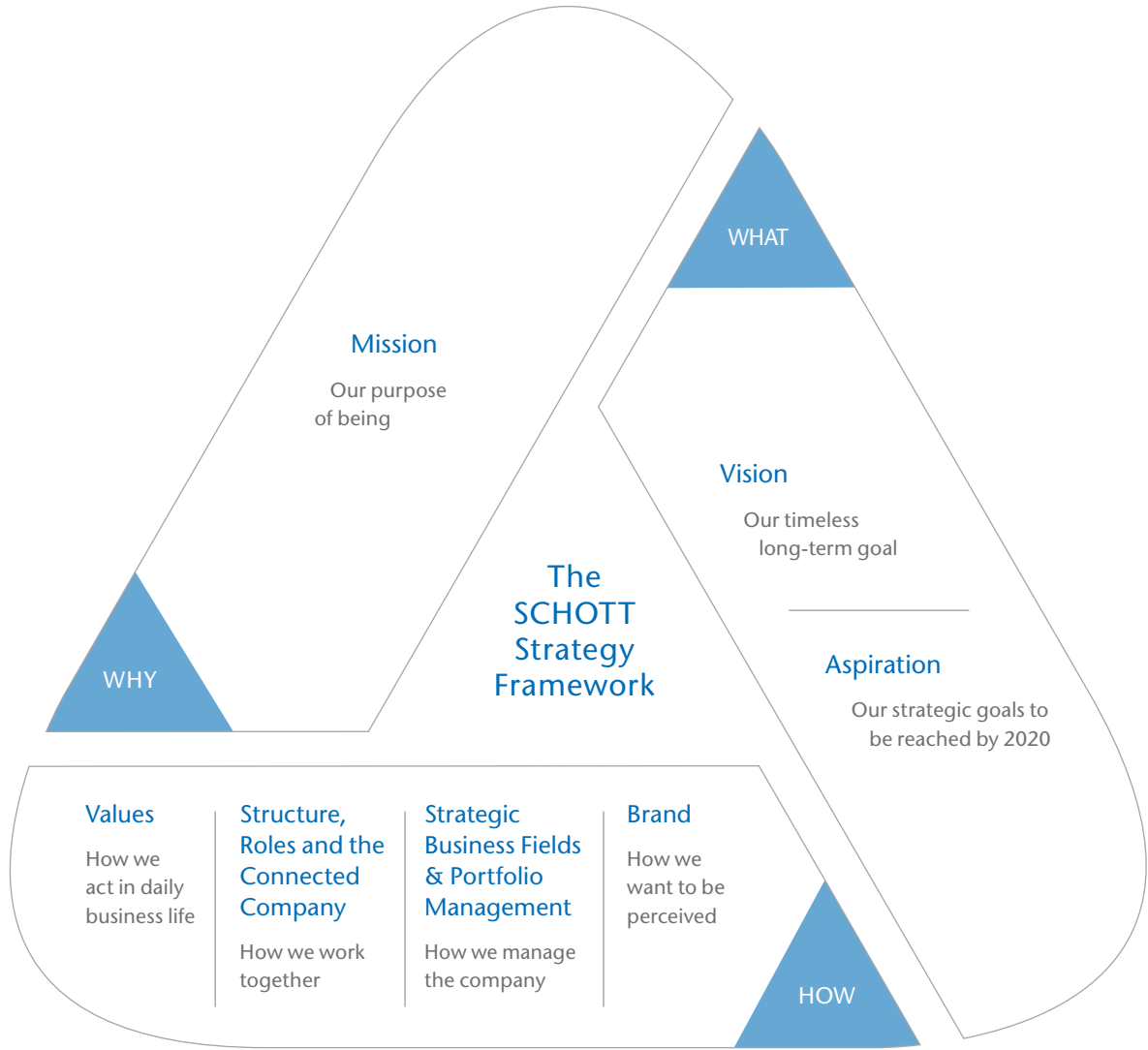
## How do we do it?

Our Values tell us how to act in daily business life.

Our Structure, Roles and the Connected Company define how we work together.

Our Portfolio Management based on Strategic Business Fields describes how we manage the company.

Our Brand conveys how we want to be perceived by our customers.





»Our passion and experience enable us to make a difference.«

Gunther Paulus  
Mainz | Germany



# Mission

Our purpose of being

Otto Schott was a passionate glass chemist and technologist. When he teamed up with the physicist Ernst Abbe in 1884, they were the first to develop and apply scientific methods to the composition and production of glass. The connection of competencies enabled them to create products of unmatched properties and quality.

The introduction of new, precisely specified and homogenous glasses, met not only the need for advanced optics, but also enabled countless achievements in imaging, science and technology and laid the groundwork for SCHOTT's unique expertise in glass, specialty materials and superior technologies.



Since then, our true passion for glass has driven us to explore this material with its numerous and very special properties, its manufacturing and processing. And in doing so, we combine 130 years of industry expertise with today's needs, market demands and trends. Our innovations add value to the products and solutions of our customers. In brief, we are committed to enable our customers' success.

## Our Mission

We profitably enable our customers' success through unique solutions based on our competencies in glass, specialty materials and superior technologies.



»It's great to know that the things I do help to enhance people's daily lives.«

Alexandro Viera Cordeiro  
Rio de Janeiro | Brazil

# Vision

Our timeless long-term goal

A growing population, aging societies, climate change and globalization will make the world of tomorrow different from today and change people's lives and working environments. These changes will offer opportunities for many industries to provide new, intelligent and reliable solutions.



With our trusted expertise in glass and specialty materials, our broad product portfolio and the ability to intelligently connect our know-how, we are in the position of being the preferred business partner for many growth industries all around the world – helping to improve people's lives.

## Our Vision

We make SCHOTT  
part of everyone's life.

»Clear and measurable goals give guidance for the future.«

Claire Buckwar  
Landshut | Germany





# Aspiration

Our strategic goals to be reached by 2020

## Our Aspiration

We aim to achieve clear and measurable goals. Goals to describe where to go. Goals to prove if progress is made. Having that in mind, we formulated our Aspiration. It is composed of eight strategic goals that are all aligned towards one direction – **sustainable value creation**.

Striving for sustainable value creation is, however, not an end in itself. We do it for three reasons:

### For SCHOTT

Sustainable value creation to invest into the future competitiveness of SCHOTT.

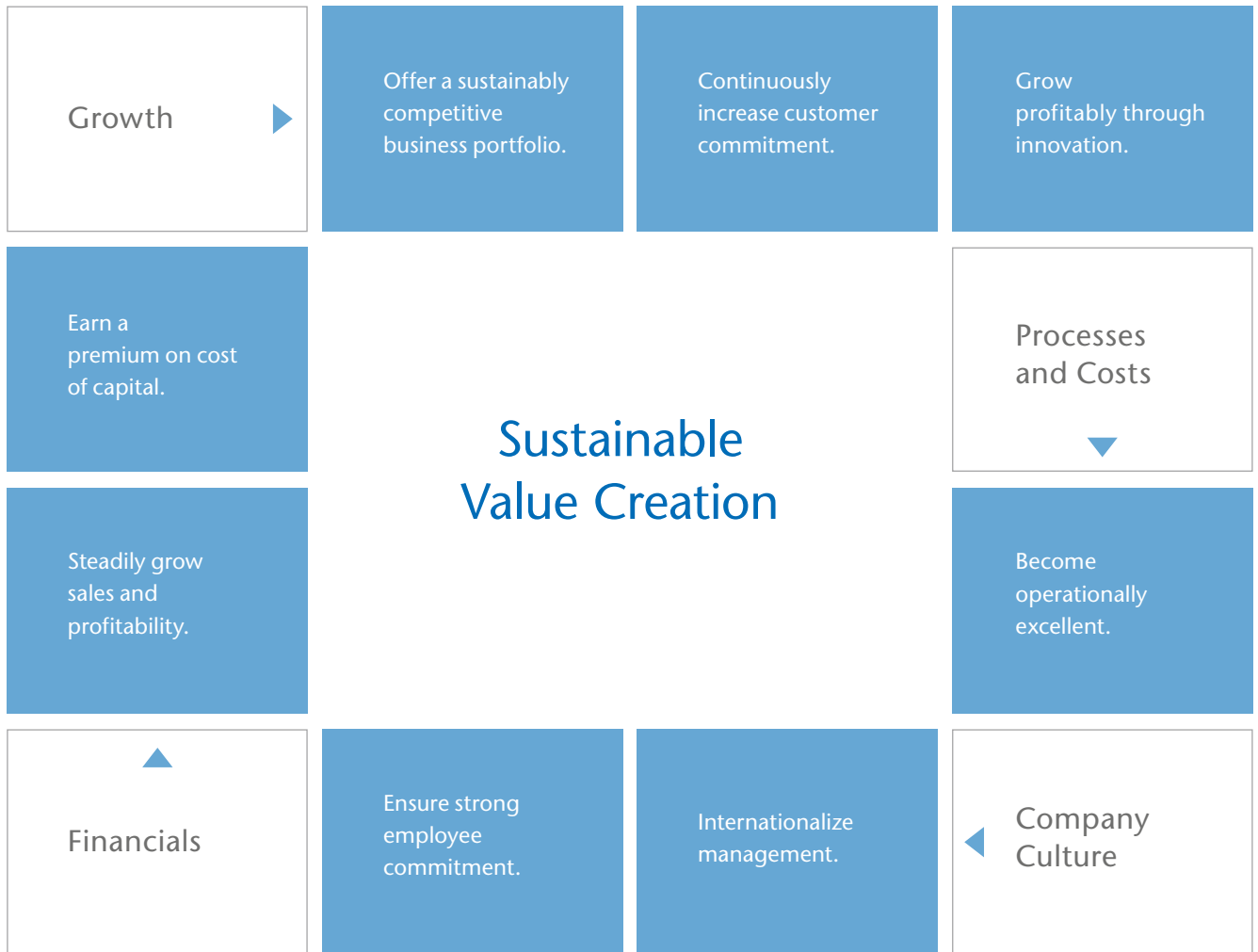
### Its employees

Sustainable value creation to secure long-term employment and competitive compensation for SCHOTT employees.

### The foundation

Sustainable value creation to support the purpose of the Carl Zeiss Foundation, the sole shareholder of SCHOTT.

## | WHAT WE AIM FOR



## Strategic Goals

<p>Offer a sustainably competitive business portfolio.</p>	<p>By 2020 ...</p> <ul style="list-style-type: none"> <li>• Strategic Business Fields (SBFs) will hold a Top 3 global market position in their total available market or have a genuine chance of achieving this.</li> <li>• SBFs will be built upon a defensible unique selling proposition (USP).</li> </ul>	<p>KPI*: SBF market position and SBF portfolio role</p>
--	--	---

One of the key strengths we can build on is the very broad business portfolio that consists of multiple SBFs serving their respective markets. At the heart of our portfolio policy is the aspiration of achieving a sustainably competitive position in attractive markets. This requires a defensible unique selling proposition for each SBF.

<p>Continuously increase customer commitment.</p>	<p>By 2020 ...</p> <ul style="list-style-type: none"> <li>• Customer commitment index (CCI) will have continuously improved.</li> <li>• CCI advantage over the competition will have increased or – at least – have been maintained.</li> </ul>	<p>KPI: Customer commitment index (CCI)</p>
---	---	---

Customer commitment is driven by the way our customers perceive our performance, our products and services and how these aspects compare to our competition. To improve customer commitment, we need to strengthen the understanding of our current and future customers' needs. This leads to committed customers buying our products and stimulating the development of ideas for new products.

\*Key Performance Indicator

## | WHAT WE AIM FOR

Grow profitably through innovation.

By 2020 ...

- 30 % of sales will be generated by new products.

KPI:  
New product rate (NPR)

Key for profitable growth in all of our businesses is innovation. Fostering our innovation culture enables us to think beyond today's boundaries and to strive for continuous product and process improvements. By doing so, we achieve our goal of growing revenues through a valuable innovation pipeline that generates new product sales of 30 % of our sales.

Become operationally excellent.

By 2020 ...

- All processes will be lean, effective and efficient, requiring yearly improvements in a) operational productivity that compensates for price decreases; and b) sales and administration cost efficiencies.

KPI:  
Net productivity  
Selling cost ratio  
G&A cost ratio

We want lean, effective and efficient processes. We address this goal in two areas. First, in our operations we strive for yearly productivity improvements and procurement savings that fully compensate for sales price declines in the market and factor cost increases. Second, we aim for annual improvements in sales and administration processes to increase cost efficiency.

## Strategic Goals

<p>Internationalize management.</p>	<p>By 2020 ...</p> <ul style="list-style-type: none"> <li>• The share of international management personnel will have continuously increased.</li> </ul>	<p>KPI: Worldwide share of international management within company grades III-V</p>
-------------------------------------	--	---

To be able to understand, serve and be successful in global markets, we have to become a truly global company, fostering diversity and broadening our management experience. We aim to do this by strengthening local management responsible for local markets and internationally diversifying management in our headquarters.

<p>Ensure strong employee commitment.</p>	<p>By 2020 ...</p> <ul style="list-style-type: none"> <li>• The commitment of our employees will be among the top third of companies worldwide.</li> </ul>	<p>KPI: Employee commitment index (ECI)</p>
---	--	---

Our employees play a key role for the future development of SCHOTT. We will make sure that we provide an enriching environment where our employees can realize their potential in full. This will enable strong employee commitment, which is needed to reach our Aspiration.

## | WHAT WE AIM FOR

Steadily grow sales and profitability.

By 2020 ...

- Sales level will have been grown to at least 2.5 billion €, either by organic growth and/or from acquisitions.

KPI:  
Annual sales growth

Growth is necessary to maintain or expand our market position and to generate new opportunities for our employees. Growth, however, will only generate value if it is achieved in a profitable way. Both, organic growth in our existing business and acquisitions are the means of reaching that goal. We track our performance by comparing our revenue growth on a year-on-year basis.

Earn a premium on cost of capital.

By 2020 ...

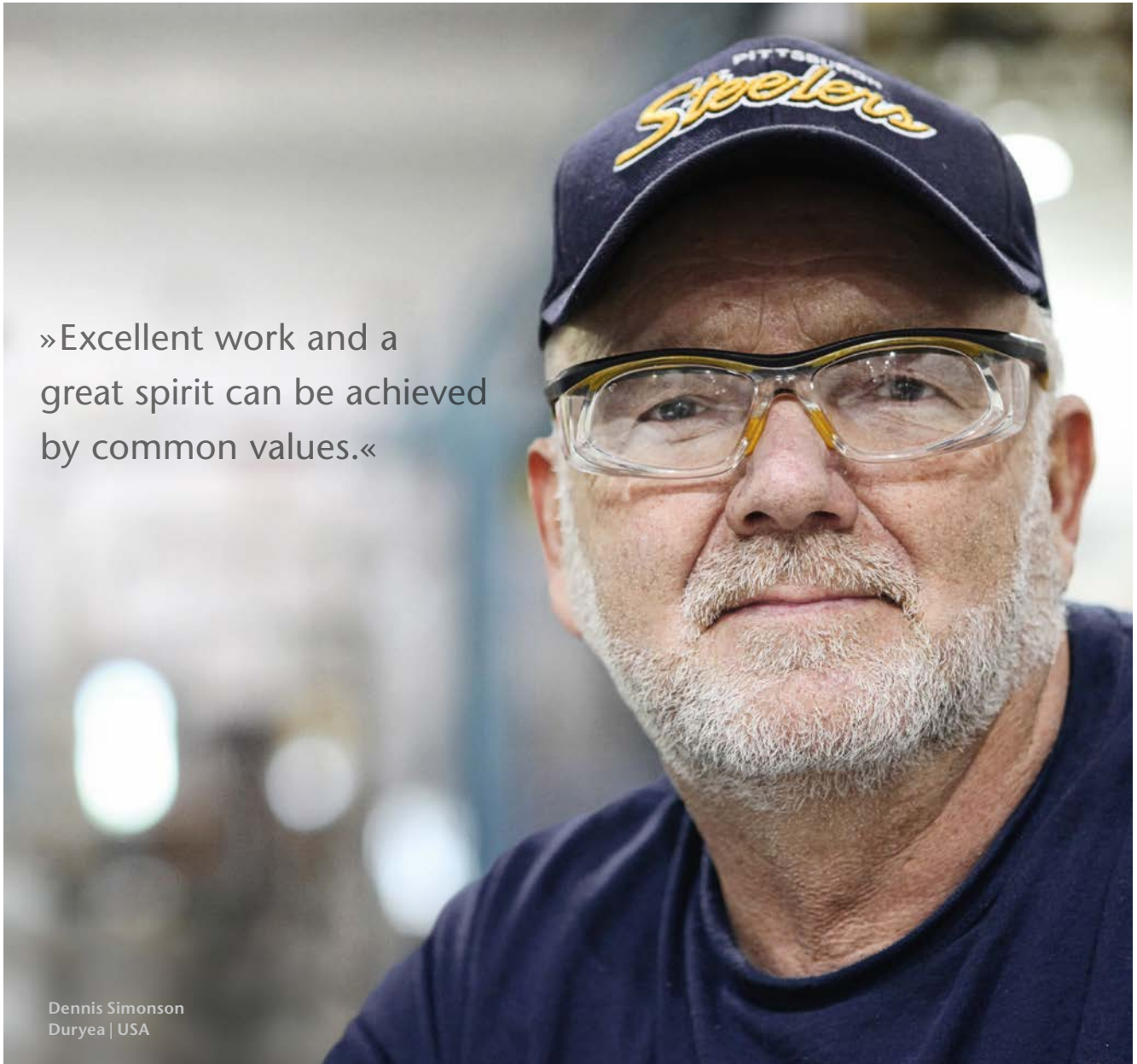
- Cumulative SVA (2014–2020) will hit 250 million €.

KPI:  
SCHOTT value added (SVA)

Earning a premium on the cost of capital increases the value of our company. This premium is the profit we earn that exceeds the cost of capital we have to pay to our shareholder and our lenders. We measure this premium by SVA.

»Excellent work and a  
great spirit can be achieved  
by common values.«

Dennis Simonson  
Duryea | USA





# Values

How we act in daily business life

## Our Values

Values are the fundament of a company culture and provide guidance to every employee how to act in daily business life. Living our values will form our desired SCHOTT culture and make SCHOTT a great place to work.

## Respect Others

We respect others by ...

- valuing and trusting each other
- acknowledging local culture
- promoting open, honest and timely feedback
- fostering diversity and equal opportunity
- leading by example and walking the talk
- focussing on facts and figures

## Create Value

We create value by ...

- encouraging our people to develop their full potential
- being entrepreneurial
- strengthening our brand
- living lean processes and structures
- making use of more than a century of expertise

## Act Responsibly

We act responsibly by ...

- behaving with integrity and following our code of conduct
- taking accountability for our actions
- adjusting appropriately to changing environments
- taking on social responsibility
- taking care of the health of our employees and our environment

## Drive Innovation

We drive innovation by ...

- understanding our customers' challenges and needs
- having a clear market focus in all of our actions
- outperforming our competition
- fostering a culture of openness, courage and creativity
- continuously improving our products and processes

» True success means  
achieving ambitious goals  
in the most powerful  
team.«

Masahiro Taketomi  
Shiga | Japan



# Structure, Roles & the Connected Company

How we work together

## Structure, Roles and the Connected Company

While our values provide an orientation for every employee how to act in every day business life, Structure, Roles and the Connected Company are the elements that orchestrate the SCHOTT Group as a whole.

### Structure

The sole shareholder of SCHOTT AG is the Carl Zeiss Foundation. Independent of our legal structure, the SCHOTT Group is organized in a management structure that groups our company into organizational units. This management structure is set up to effectively serve our markets and to benefit from group synergies.



Clearly defined roles, responsibilities and expectations provide orientation to every organizational unit within our management structure. This enables every organizational unit to contribute to the overall success of the group and to be accountable.

## Roles and Responsibilities

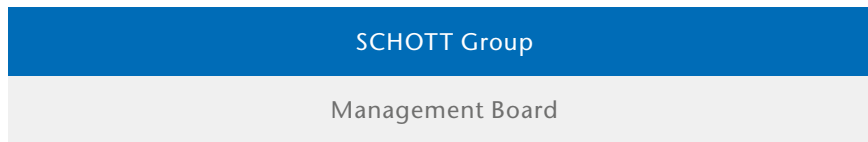
### Carl Zeiss Foundation

As sole shareholder the Carl Zeiss Foundation is entitled to annual dividend payments. The commercial interests of the Carl Zeiss Foundation are represented by the Foundation Council, which aims to safeguard the long-term future of SCHOTT.

### Supervisory Board

The Supervisory Board of SCHOTT equally consists of shareholder and employee representatives. The Supervisory Board has a controlling function and is involved in the decision-making process that contributes to the success of SCHOTT within the areas of budgeting and long-term strategy, profit distribution and Management Board advice.

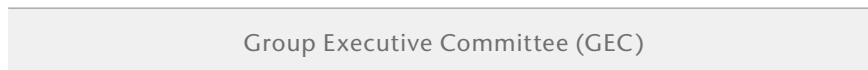
## Roles and Responsibilities



SCHOTT is led by the Management Board. As the highest decision making body, the Management Board acts as a strategic architect of the SCHOTT Group.

### Key tasks:

- Defining and implementing the SCHOTT Strategy Framework.
- Setting the guidelines for the Business Units and Functions.
- Actively managing the SCHOTT portfolio.
- Setting targets and allocating resources on BU level.
- Defining the management structure and the legal structure of the SCHOTT Group.
- Acting as a role model for the SCHOTT culture and driving the connectivity of the entire group.



The GEC is composed of the Management Board as well as BU and Function heads.

### Key tasks:

- Sounding board for management decisions.
- Defining corporate initiatives, exchanging opinions, creating awareness and driving connectivity.



## Roles and Responsibilities

### Business Units

BU management is responsible for the global BU business.

#### Key tasks:

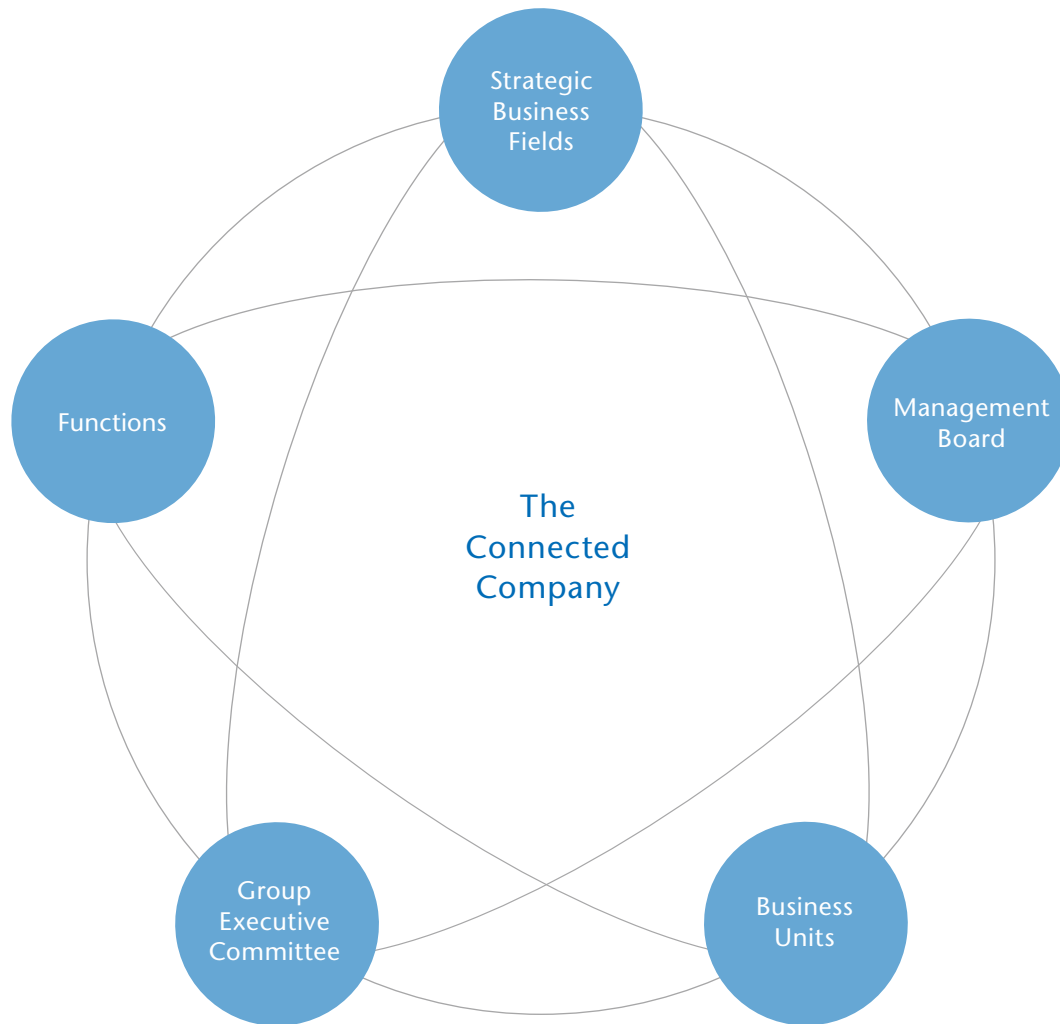
- Aligning strategies of associated Strategic Business Fields (SBFs).
- Developing new business in adjacent markets and/or regions.
- Proposing portfolio changes within the BU.
- Defining organizational structures and processes in their areas of responsibility.

### Functions

Functions actively contribute to the success of the BUs by providing service and/or governance in their respective functional areas.

#### Key tasks:

- Offering best-in-class service at a competitive price-performance ratio (service function).
- Supporting the Management Board and the BUs to identify business opportunities and mitigate business risks (governance function).



## The Connected Company

In a world of an increasingly volatile and complex business environment, solutions are required that combine competencies and resources across organizational units on a worldwide scale. By connecting the company, we will turn this challenge into an opportunity.

We endeavor to become a Connected Company by:

- Encouraging open communication
- Enabling the sharing of information and best practices
- Forming the best team

Becoming a Connected Company will result in higher speed, capturing synergies and mutual success.

»It is important to understand our broad business portfolio in order to be able to identify opportunities.«

Jürgen Schneider  
Mainz | Germany



# Strategic Business Fields & Portfolio Management

How we manage the company

## Strategic Business Fields

Due to the broad range of industries and markets we serve and the diversified products and services we offer, it is essential to catch the “right level” for analyzing, formulating and implementing our business strategies. That is why we defined Strategic Business Fields (SBFs).

---

An SBF is a strategic planning unit that clusters businesses with the same application and/or same markets and/or same technology basis. An SBF can be on a BU, BS or below BS level. SBFs are the basis for SCHOTT’s profitable growth.

### Key tasks:

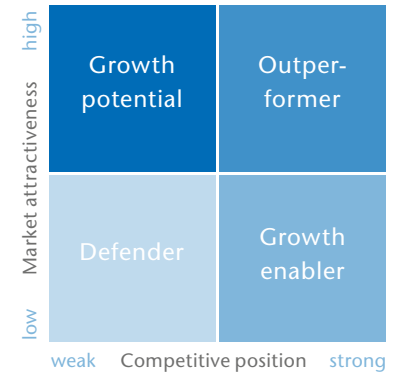
- Defining and implementing the SBF strategy
  - Specifying and executing the product/innovation and technology/process roadmap
  - Fulfilling its role in the overall SCHOTT portfolio
- 

Strategic planning on SBF level is facilitated by the so-called Strategy Book. The Strategy Book sets out the competitive advantage necessary for a sound business strategy, the aspiration of each SBF and the requirements and initiatives to be taken to ensure a successful strategy execution.

# Portfolio Management

Active and systematic portfolio management ensures the right balance between mature and new businesses, between opportunities and risks, and between cash generation and investment.

The SCHOTT portfolio is composed of multiple SBFs. The SBFs contribute to achieving our goal of offering a sustainably competitive business portfolio by executing their strategy in line with their dedicated role in the portfolio.



Role	Description	Focus area	Targeted position
Growth potential	<p>Business is at the beginning of the life cycle</p> <p>Still weak competitive position but high profit potential</p>	<p>Build sustainable USP</p> <p>Invest and grow to build a Top 3 global market position</p>	Outperformer
Outperformer	<p>Successful growth potential</p> <p>Strong competitive position in attractive market</p>	<p>Invest and grow</p> <p>Outperform competition</p>	Strengthen dominant position
Growth enabler	<p>Business is at a mature stage</p> <p>Strong competitive position in market with decreasing attractiveness</p>	<p>Operational excellence and cash contribution</p> <p>Search for growth in adjacent markets</p>	Maintain strong position
Defender	<p>Weak competitive position in market with low attractiveness</p>	Turnaround, partner or exit	Dependent on focus area

»Our brand is a promise to our customers that we need to fulfill everyday.«

Stefan Marc Schmidt  
Mainz | Germany





# Brand

How we want to be perceived

## The SCHOTT Brand Identity

How we act in daily business life, how we work together and how we manage the company influences the way customers and society perceive the SCHOTT brand. Simply put, each of us can contribute to how we are perceived.

Our desired perception is expressed by the [SCHOTT Brand Identity](#), that we actively manage by three elements:

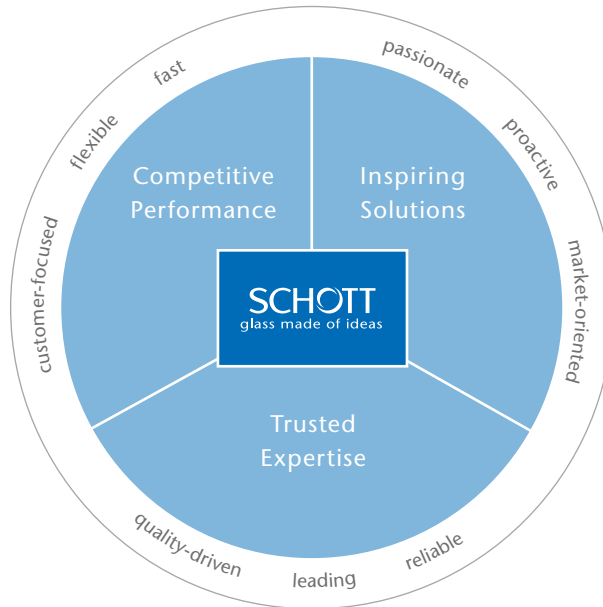
The [Brand Essence](#) “glass made of ideas” condenses the brand identity in a single thought, one unique and striking phrase.

The three [Brand Values](#) are the specific qualities our brand shall offer and should be valued for.

The nine [Brand Attributes](#) describe our desired brand’s character. They offer a more detailed insight into the brand’s identity.

## | HOW WE DO IT

At SCHOTT, we ensure outstanding performance in our daily work. We focus our efforts to support our customers' processes best. By acting fast and flexible we exceed our customers' expectations.



At SCHOTT, we anticipate global market trends and know our customers' needs and desires. By seeing new potentials, we proactively create ideas that hit the mark. We channel our energy and passion into solutions that inspire our customers and enable their success.

For 130 years, SCHOTT has been setting standards in glass, specialty materials and superior technologies. By providing solutions of the highest quality in a wide range of applications, we are a sought-after partner in many industries. Our leading technical know-how combined with our high level of reliability earns our customers' respect and trust.

## Concluding Remarks

The SCHOTT Strategy Framework outlines the fundamental strategic elements necessary to make a difference in the future. It provides a common understanding of how to develop our businesses to reach our Aspiration and come closer to fulfilling our Vision. It is, however, only the starting point of returning to sustainable growth, as we all know that success is not about written words, but about the actions we take.

We are fully aware that we can successfully implement the SCHOTT Strategy Framework in daily practice only with the personal contribution of every employee. Therefore we ask you for your full support to make our Aspiration a reality. You can expect that we will lead by example. We will personally put our maximum efforts into this process and support you wherever possible and necessary.

Let us bring the SCHOTT Strategy Framework to life together.

SCHOTT Management Board, March 2014

“Only those things that  
contain the passion of the people  
who created them produce success  
and have lasting value.”

**Erich Schott**

(1891–1989), son of  
company founder Otto Schott

**SCHOTT AG**

Strategic Development

Hattenbergstrasse 10

55122 Mainz

Germany

Phone +49 (0)6131/66-4056

Fax +49 (0)6131/66-4048

[info@schott.com](mailto:info@schott.com)

[www.schott.com](http://www.schott.com)

