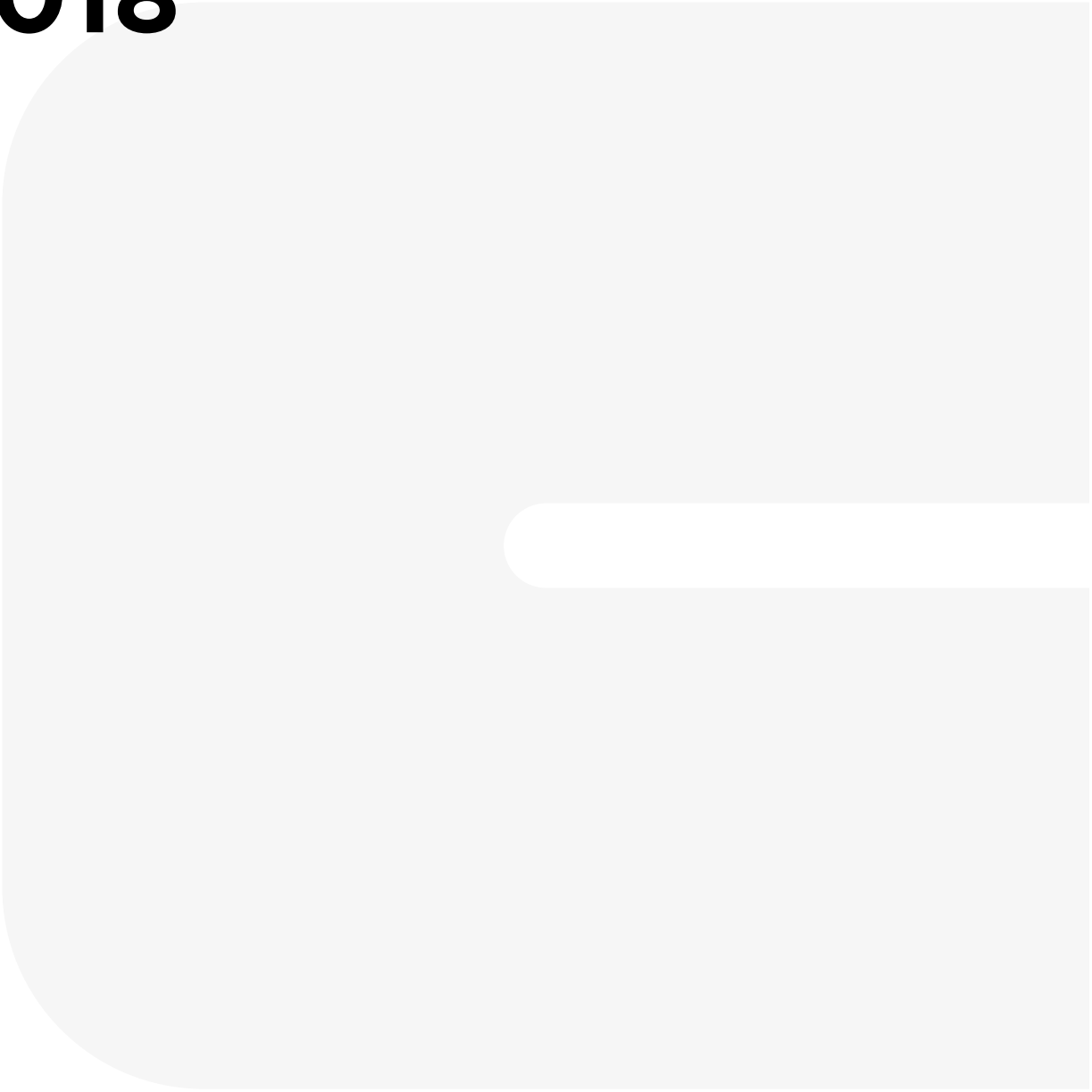


# Corporate Governance **2018**



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# Corporate Governance

**Clariant is committed to international compliance standards, ensuring checks and balances between the Board and Management, as well as a sustainable approach to value creation.**

## 1. Principles of corporate governance

In defining the management structure, organization, and processes of the Clariant Group, the corporate governance principles aim to provide stakeholder value and transparency to promote sustainable long-term success. The Group is committed to Swiss and international standards of corporate governance by following the respective statutory provisions and the rules issued by the SIX Swiss Exchange and by implementing the principles of the Swiss Code of Best Practices for Corporate Governance. The principles and regulations on corporate governance are described in the Swiss Code of Obligations, the Directive on Information relating to Corporate Governance by SIX Swiss Exchange, the Ordinance against Excessive Compensation in Listed Stock Corporations, the Articles of Association of Clariant Ltd, the Bylaws, the organizational Group regulations of the Clariant Group, and the Clariant Code of Conduct. The Board of Directors adapts the internal documents regularly. The Articles of Association, the Bylaws of the Board of Directors, and the Clariant Code of Conduct can be viewed on the internet at [www.clariant.com/corporate-governance](http://www.clariant.com/corporate-governance).

## 2. Group structure and shareholders

### 2.1. Group structure

The registered address of Clariant Ltd is Rothausstrasse 61, 4132 Muttenz, Switzerland. The company's business operations are conducted through Clariant Group companies. Clariant Ltd, a holding company organized under Swiss law, directly or indirectly owns all Clariant Group companies worldwide. With the exception of Clariant Chemicals (India) Ltd, these companies' shares are not publicly traded. Clariant owns 51% of the publicly traded company Clariant Chemicals (India) Ltd, based in Airoli, Navi Mumbai, India, and listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited under Stock ID »CLNINDIA«, ISIN No. INE492A01029, with a market capitalization of INR 9 677 043 812 (approx. CHF 135 608 800).

The important subsidiaries of Clariant Ltd are listed in Note 35 of the »Notes to the consolidated financial statements of the Clariant Group« of the Financial Report 2018 (pages 62 to 64).

The Group conducts its business through seven Business Units (Additives; Catalysts; Functional Minerals; Industrial & Consumer Specialties; Masterbatches; Oil & Mining Services; Pigments) and reports in the following four Business Areas: Care Chemicals; Catalysis; Natural Resources; Plastics & Coatings.

### 2.2. Significant shareholdings of 3% or more of total share capital

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2018, the following shareholders held 3% or more of voting rights in Clariant Ltd:

Shareholders	Voting rights
SABIC International Holdings B.V., Sittard, The Netherlands, controlled by the Public Investment Fund of Saudi Arabia (PIF), Riyadh, Kingdom of Saudi Arabia <sup>1</sup>	25.67% <sup>2</sup>
APG Asset Management N.V., Amsterdam, Netherlands	5.01%
Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Strasslach-Dingharting (Germany) and Maple Beteiligungsgesellschaft mbH, 82057 Icking (Germany) <sup>3</sup>	3.49%

<sup>1</sup> As of 31 December 2017, White Tale Holdings LP/40 North Latitude Master Fund Ltd. held 20.00% and subsequently increased their shareholding to 25.15%. On 25 January 2018, SABIC International Holdings B.V., Sittard, The Netherlands, controlled by the Public Investment Fund of Saudi Arabia (PIF), Riyadh, Kingdom of Saudi Arabia, acquired, subject to the necessary regulatory approvals, a 24.99% stake in Clariant Ltd previously held by White Tale Holdings LP resp. Corvex Holdings LLC resp. 40 North Latitude Master Fund Ltd. On 17 September 2018, this transaction was closed and thus SABIC became Clariant Ltd's largest shareholder.

<sup>2</sup> SABIC acquired 24.99% of the shares of Clariant Ltd on 17 September 2018. The difference corresponds to the amount of treasury shares held by Clariant Ltd which have to be aggregated to the shares held by SABIC solely for regulatory disclosure purposes due to the Governance Agreement entered into by SABIC and Clariant on 17 September 2018.

<sup>3</sup> According to a disclosure notification published on 18 December 2018, a group consisting of Konstantin Winterstein, 80333 Munich, Germany, and Elisabeth Prinzessin zu Sayn-Wittgenstein, 80333 Munich, Germany – initially formed on 14 December 2013 and holding 3.73% partially through Blue Beteiligungsgesellschaft mbH, Strasslach-Dingharting (Germany) and partially through Maple Beteiligungsgesellschaft mbH, Icking (Germany) – was dissolved on 12 December 2018 and formed again according to said disclosure notification of 18 December 2018. The 3.73% previously held by this group was included in the 13.96% mentioned under footnote 4.

Former shareholders of Süd-Chemie AG<sup>4</sup> who had exchanged their shares against Clariant shares in April 2011 and are related to each other for family or other reasons (especially the Wamsler, Winterstein, Schweighart, and Stockhausen families), held a total of 13.96% of the share capital of Clariant Ltd until this group of shareholders was dissolved according to a disclosure notification published on 18 December 2018.

<sup>4</sup> The following former shareholders of Süd-Chemie AG, holding 13.96% of Clariant's shares, formed a group that was dissolved according to a disclosure notification published on 18 December 2018:

Wilhelm, Dr. Winterstein, Germany	Konstantin Alfred Winterstein, Germany
Dolf, Dr. Stockhausen, Switzerland	Max-Theodor, Dr. Schweighart, Germany
Axel, Dr. Schweighart, Germany	Peter, Dr. Schweighart, Germany
Rosemarie Schweighart, Germany	Moritz Ostenrieder, Germany
Dominique Kraus, Germany	Christian Ratjen, Germany
Irene W. Banning, United States	Bettina Wamsler, Germany
Susanne Wamsler-Singer, Austria	Pauline Joerger, United States
Caroline A., Dr. Wamsler, United States	Marianne Kunisch, Germany
Amelie Ratjen, Germany	Maximilian Ratjen, Germany
Christof Ratjen, Germany	Julius Ratjen, Germany
Christopher Weithauer, Germany	Elisabeth Prinzessin zu Sayn-Wittgenstein, Germany
Johanna Bechtle, Germany	Georg A. Weithauer, Germany
Kaspar Bechtle, Germany	Charlotte Bechtle, Germany
Luisa Redetzki, Germany	Clara Redetzki, Germany
Karl T. Banning, United States	Marie Redetzki, Germany
Schuyler H. Joerger, United States	Sophia P. Joerger, United States
Sophie Isabel Schweighart, Germany	Susanna Maria Schweighart, Germany
Heidrun Schweighart, Germany	Maria Stockhausen, Switzerland
Adriane Hartner, Austria	

Disclosure notifications during the financial year 2018 reported to the Stock Exchange Disclosure Office pursuant to Art. 120 of the Financial Markets Infrastructure Act (FMIA) as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)

At 31 December 2018, Clariant AG itself held 2 250 664 shares in treasury, corresponding to 0.68% of the share capital.

### 3. Cross-shareholdings

There are no cross-shareholdings.

## 4. Capital structure

### 4.1. Capital

As of 31 December 2018, the fully paid nominal share capital of Clariant Ltd totaled CHF 1 228 175 036.30 and was divided into 331 939 199 registered shares, each with a par value of CHF 3.70. Clariant Ltd shares have been listed on the SIX Swiss Exchange since 1995 (symbol: CLN, ISIN CH0012142631). Clariant Ltd does not issue non-voting equity securities (Genussscheine or Partizipationsscheine). Based on the closing price of the Clariant share of CHF 18.09 on 31 December 2018, the company's market capitalization at year-end amounted to CHF 6.005 billion. There was no change in the capital structure of Clariant Ltd in the last three years (2016 to 2018).

### 4.2. Conditional capital

The company's share capital may be increased by no more than CHF 14 103 978.20 by issuing the remaining 3 811 886 registered shares each with a par value of CHF 3.70, corresponding to 1.14837% of the current share capital.

The details are set out in Article 5 of the Articles of Association. The Articles of Association can be found on our website at [www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)

### 4.3. Distribution of capital reserves

In the 2018 calendar year, a distribution of CHF 0.50 per share from capital reserves was decided by the Annual General Meeting. The total amount of CHF 164 669 568.50 was paid out on 26 March 2018. A table with additional information on the distribution of capital reserves can be found on page 34 (Note 16) of the Financial Report 2018.

### 4.4. Transferability of shares

The transfer of registered shares requires the approval of the Board of Directors, which may delegate this function. Approval is granted if the acquirer discloses his/her identity and confirms that the shares have been acquired in his/her own name and for his/her own account.

### 4.5. Nominee registrations and voting rights

Each registered share entitles the holder to one vote at the shareholders' meetings. Special rules according to Article 6 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)) apply to nominees who fail to disclose the identity of the persons they represent and whose shareholding exceeds 2%.

## 4.6. Options

There are no options or option rights.

## 5. The Board of Directors

The Board of Directors of Clariant Ltd comprises at least six and no more than twelve members pursuant to Article 19 of the Articles of Association of Clariant Ltd ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)).

All members of the Board of Directors (except for Hariolf Kottmann, who held the position of CEO until 15 October 2018) are considered to be independent in accordance with international best-practice standards. No member of the Board of Directors exceeds any of the maximum number of mandates as stipulated in Article 38 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)), except for Abdullah Mohammed Alissa in accordance with the transitional provision, Article 44, in the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)).

### 5.1. Members of the Board of Directors

#### 5.1.1. Rudolf Wehrli, Swiss citizen

Function at Clariant: Chairman, non-executive member of the Board of Directors

Born: 1949

Year of first election: 2007

Board member and Chairman until the Extraordinary General Meeting dated 16 October 2018

Professional career: Following studies at the Universities of Zurich and Basel, where he earned doctorates in theology, philosophy, and German literature, Rudolf Wehrli began his career at McKinsey & Co. in 1979. In 1984 he joined the Schweizerische Kreditanstalt (now Credit Suisse) as a member of the company's senior management. In 1986, he became Marketing Manager and member of the Executive Committee of the Silent Gliss Group. Five years later, he took over the management of the group's German subsidiary. In 1995 he transferred to the Gurit-Heberlein Group as a member of the Executive Committee, and was promoted to Chief Operating Officer in 1998 and Chief Executive Officer in 2000. He remained in this position until the company split up in 2006. A member of the Board of Directors of Clariant Ltd since 2007, he became Chairman in 2012.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) none.

Mandates according to Article 38 para 1 lit. b) five: Kambly AG, Switzerland; Chairman of the Board of Directors of Rheinische Kunststoff-Werke SE, Germany; Chairman of the Board of Directors of Sefar Holding AG, Switzerland; Wipf AG, Switzerland; HaKa Gerodur AG, Switzerland.

Mandates according to Article 38 para 1 lit. c) seven (including member of the Board of Trustees of Avenir Suisse and member of the Board of Clariant Foundation [until 8 June 2018]).

#### 5.1.2. Günter von Au, German citizen

Function at Clariant: Vice-Chairman (until the Extraordinary General Meeting dated 16 October 2018), non-executive member of the Board of Directors

Born: 1951

Year of first election: 2011

Professional career: After studying textile and polymer chemistry at Reutlingen University and Chemistry at the University of Tübingen, where he obtained a doctorate, Günter von Au began his career in 1980 in Burghausen at Wacker-Chemie AG. He held a number of different management positions at the company through 2001 in Germany, Brazil, and the United States – most recently as Head of Wacker's division for polymers, specialty chemistry, and basic chemistry in Munich. He was also CEO of Wacker Polymer Systems GmbH & Co. KG in Burghausen, Germany. He joined Süd-Chemie in 2001 as President and CEO of Süd-Chemie Inc. In 2004, he became CEO of the Management Board of Süd-Chemie AG in Munich and held this position until 31 March 2012. On 1 April 2012, Mr. von Au joined the Board of Directors at Clariant Ltd and has, since then, acted as Vice-Chairman of the Board of Directors.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) one: Chairman of the Supervisory Board of Stada Arzneimittel AG, Germany.

Mandates according to Article 38 para 1 lit. b) five: Member of the Supervisory Board of Bayernwerk AG, Germany; Member of the Advisory Committee of Gebr. Röchling KG, Germany; Chairman of the Board of CeramTec GmbH, Germany; Chairman of the Supervisory Board of Synlab Holding Deutschland GmbH, Germany; Member of the Advisory Board of Baerlocher GmbH, Germany.

Mandates according to Article 38 para 1 lit. c) three: Chairman of the Board of Directors of the Bavarian Chemical Industry Association, Germany; Vice President of the German Institute of Economic Research, Germany; Chairman of the Advisory Board of Tyczka GmbH, Germany.

**5.1.3. Peter Chen, US and Swiss citizen**

Function at Clariant: Non-executive member of the Board of Directors

Born: 1960

Year of first election: 2006

Board member until the Extraordinary General Meeting dated 16 October 2018

Professional career: Peter Chen studied chemistry at the University of Chicago and in 1987 received a doctorate from Yale University in New Haven, Connecticut. He then served as an assistant professor (1988 to 1991) and associate professor (1991 to 1994) at Harvard University in Cambridge, Massachusetts. Since September 1994, he has been a full Professor of Physical Organic Chemistry at ETH Zurich. From 2007 to 2009, he was Vice President of Research and Corporate Relations at ETH Zurich.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) none.

Mandates according to Article 38 para 1 lit. b) none.

Mandates according to Article 38 para 1 lit. c) two: Consultant at Givaudan, Switzerland; Gesellschaft zur Förderung von Forschung und Ausbildung im Bereich der Chemie (Zurich).

**5.1.4. Hariolf Kottmann, German citizen**

Function at Clariant: Chairman of the Board of Directors since 16 October 2018; Chief Executive Officer (CEO) and executive member of the Board of Directors until 15 October 2018

Born: 1955

Year of first election: 2008

Professional career: Hariolf Kottmann earned his PhD in organic chemistry at the University of Stuttgart in 1984. In 1985 he launched his career at the former Hoechst AG in Frankfurt, where he held several key management positions across the company's chemical divisions and functions. In 1996, he was appointed Deputy Head of the Basic Chemicals Division at Hoechst AG and took responsibility for the Inorganic Chemicals BU. In 1998, he joined Celanese Ltd in New Jersey (United States) as a member of the Executive Committee and Head of the Organic Chemicals BU. In April 2001, he was appointed as member of the Executive Committee of SGL Carbon AG, where he was responsible for the Graphite Specialties, Corrosion Protection, and Advanced Materials Divisions as well as the Eastern Europe and Asia regions until 30 September 2008. He was also in charge of the SGL Excellence and Technology & Innovation corporate functions. He has been a member of the Board of Directors of Clariant Ltd since April 2008 and became CEO of Clariant on 1 October 2008 and held this position until 15 October 2018.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) none.

Mandates according to Article 38 para 1 lit. b) one: Plansee Holding AG, Austria.

Mandates according to Article 38 para 1 lit. c) seven: Member of the Board of Trustees of ETH Zurich Foundation; Member of the Board of Trustees of Aventis Foundation, Frankfurt; Member of the Executive Committee of Science Industries, Zurich; President of the Board of Cefic (European Chemical Industry Council) and of its Executive Committee; Chairman of the Board of ICCA (International Council of Chemical Associations); Chairman of the Board of Clariant Foundation; Member of the Advisory Board of Deloitte, Zurich.

**5.1.5. Dr. Khaled Homza A. Nahas**

Function at Clariant: Vice-Chairman, non-executive member of the Board of Directors

Born: 1949

Year of first election: 2018

Professional career: Dr. Khaled Homza A. Nahas holds the following degrees: a BSc in mining and engineering from the University of Washington, Seattle, USA; a master's degree in industrial engineering from the Oregon State University, Oregon, USA; PhD in engineering and economic systems from Stanford University, California, USA. Dr. Khaled Homza A. Nahas is a member of the SABIC Board of Directors, Head of the Risk and Sustainability Committee, and member of both the Audit and Investment Committee. Dr. Khaled Homza A. Nahas was a board member of Hassanah Investment Company and the National Water Company until 2017. Previously, he held various positions in Saudi Arabia, including Vice President of the Industrial Committee in the Chamber of Commerce and Industry (1986 to 1989), and was also a member of the Shoura Council (1997 to 2001) and the Mayor of Mecca (2001 to 2006). Dr. Khaled Homza A. Nahas was also a member of the boards of directors of several companies, including Saudi Investment Bank, General Organization of Military Industries, Saudi Hotels & Resorts Company (SHARACO), Saudi Telecom Company STC, National Commercial Bank, and Riyadh Bank. He was also Chairman of the Board of Directors of the National Company for Spring Mattresses & Sponges and the Tabuk Hotels Company.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) one: Saudi Basic Industries Corporation (SABIC), Saudi Arabia.

Mandates according to Article 38 para 1 lit. b) none.

Mandates according to Article 38 para 1 lit. c) none.

**5.1.6. Abdullah Mohammed Alissa**

Function at Clariant: Non-executive member of the Board of Directors  
 Born: 1956  
 Year of first election: 2018

Professional career: Abdullah Mohammed Alissa holds an MSc in engineering management and a BSc in industrial engineering from Southern Methodist University in Dallas, USA. Abdullah Mohammed Alissa is a member of the SABIC Board of Directors, Head of the Remuneration and Nomination Committee, and member of both the Audit and Investment Committees. Abdullah Mohammed Alissa is also the Chief Executive Officer of Assila Investment Company and Chairman of Abdullah Mohammed Alissa Consulting Engineers. In addition, he is the Chairman of Dur Hospitality Co., Chairman of Amias Holding Co., and Chairman of Riyadh Bank. Abdullah Mohammed Alissa is also on the boards of several other companies, including Saudi Arabian Mining Company (Ma'aden) and Etihad Etisalat (Mobily). He previously held the positions of Chairman and Managing Director of National Medical Care Co. and Chairman of Arabian Cement.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) five: Saudi Basic Industries Corporation (SABIC), Saudi Arabia; Dur Hospitality Company, Saudi Arabia; Riyadh Bank, Saudi Arabia; Saudi Arabian Mining Company (Ma'aden), Saudi Arabia; Etihad Etisalat (Mobily), Saudi Arabia.

Mandates according to Article 38 para 1 lit. b) one: Assila Investment Company, Saudi Arabia.

Mandates according to Article 38 para 1 lit. c) two: Abdullah Mohammed Alissa Consulting Engineers, Saudi Arabia; Amias Holding Company, Saudi Arabia.

**5.1.7. Calum MacLean**

Function at Clariant: Non-executive member of the Board of Directors  
 Born: 1963  
 Year of first election: 2018

Professional career: Calum MacLean holds a BSc (Hons) degree in chemistry from Aberdeen University, UK. Calum MacLean has been a member of the SABIC Board (Non-Executive Director) and a member of the Risk and Sustainability Committee since 2017. Calum MacLean has been Chief Executive Officer of Synthomer plc (UK FTSE 250 listed), a speciality chemical company, since January 2015. Previously, Calum MacLean was a founding member of INEOS Group, established in 1998. During his time at INEOS he held a number of senior executive roles, including Chief Executive Officer of INEOS Refining from December 2006 to 2011, Chief Executive

Officer of EVC Corporation and subsequently INEOS ChlorVinyls until 2005, Chief Executive Officer INEOS Styrenics and subsequently Chairman of Styrolution (at that time a joint venture with BASF), and Chief Executive Officer of PetroIneos Refining (a joint venture with Petro China). Additionally, he served as the Chairman and Chief Executive Officer of INEOS Olefins and Polymers Europe and Chief Executive Officer of INEOS Phenol.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) two: Saudi Basic Industries Corporation (SABIC), Saudi Arabia; Synthomer plc, UK.  
 Mandates according to Article 38 para 1 lit. b) none.  
 Mandates according to Article 38 para 1 lit. c) none.

**5.1.8. Geoffery Merszei**

Function at Clariant: Non-executive member of the Board of Directors  
 Born: 1951  
 Year of first election: 2018

Professional career: Geoffery Merszei holds a BSc in economics from Albion College in Michigan, USA. Geoffery Merszei is the Chairman and Chief Executive of Zolenza AG, an investment and advisory firm based in Zug, Switzerland. Geoffery Merszei was previously the Executive Vice President of The Dow Chemical Company, President of Dow Europe, the Middle East and Africa, and Chairman of Dow Europe before retiring in 2013. He served on Dow's board from 2005 to 2009 and was the Lead Director on the board of Dow Corning Corporation. He was also Chairman of Dow's Geographic Leadership Council and a member of Dow's Executive Leadership Committee. Previously, he was Dow's Executive Vice President and Chief Financial Officer. In 2001, Geoffery Merszei served as Executive Vice President and Chief Financial Officer of Alcan Inc. He has also served as a board member of the Chemical Financial Corporation, and as a trustee and executive committee member of the United States Council for International Business. Further board mandates include OC Oerlikon Corporation AG and EuroChem Group AG.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) one: OC Oerlikon Corporation AG, Switzerland.

Mandates according to Article 38 para 1 lit. b) one: EuroChem Group AG, Switzerland

Mandates according to Article 38 para 1 lit. c) one: Zolenza AG, Switzerland.

**5.1.9. Eveline Saupper, Swiss citizen**

Function at Clariant: Non-executive member of the Board of Directors  
 Born: 1958  
 Year of first election: 2016

Professional career: Eveline Saupper studied law at the University of St. Gallen, Switzerland (HSG). She was a partner at the law firm Homburger AG, Zurich, Switzerland, until 2014 and Of Counsel of said law firm until March 2017. Before joining Homburger in 1985, she worked as a tax specialist with Peat Marwick Mitchell (today KPMG) in Zurich. She holds a PhD in law from the University of St. Gallen and passed her bar exams in Zurich. Eveline Saupper is also a certified tax expert.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) two: Flughafen Zürich AG, Switzerland; Georg Fischer AG, Switzerland.

Mandates according to Article 38 para 1 lit. b) three: Stäubli Holding AG, Switzerland; Hoval Aktiengesellschaft, Liechtenstein; Interhovel AG, Switzerland.

Mandates according to Article 38 para 1 lit. c) four: Mentex Holding AG, Switzerland; Stiftung Schweizer Berghilfe, Switzerland; UZH Foundation [University of Zurich], Switzerland; Tourismus Savognin Bivio Albula AG, Switzerland.

**5.1.10. Carlo G. Soave, British citizen**

Function at Clariant: Non-executive member of the Board of Directors  
 Born: 1960  
 Year of first election: 2008

Professional career: Carlo G. Soave studied languages and economics at Heriot-Watt University in Edinburgh, Scotland. He launched his career in 1982 at Oerlikon-Bührle in Switzerland, moving to Procter & Gamble in 1984. There he held various senior management positions, including Vice President of Global Purchasing for the Fabric and Home Care Division. In 2004, he founded Soave & Associates, a consulting company based in Brussels, Belgium. He is an Advisory Board member of MonoSol LLC, a company based in Indiana (United States) that belongs to the Kuraray Group (Japan).

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a): none.

Mandates according to Article 38 para 1 lit. b) one: Advisory Board of MonoSol LLC, United States.

Mandates according to Article 38 para 1 lit. c) one: Managing Director of Soave & Associates, Belgium.

**5.1.11. Peter Steiner, German citizen**

Function at Clariant: Non-executive member of the Board of Directors  
 Born: 1959  
 Year of first election: 2016

Professional career: Peter Steiner studied business administration in Mannheim and Cologne, Germany, and finished with a master's degree. He is a German certified public accountant, tax advisor, and business consultant with a focus on mergers and acquisitions, financing, and investment management. Peter Steiner was previously a partner of the investment company One Equity Partners LLC and worked for MG Technologies AG as its Chief Financial Officer. At Dyckerhoff AG, he was successively CFO, Chief Operating Officer, and finally CEO. Following his many years as an auditor with Arthur Andersen & Co., he was also CFO of Süba Bau AG.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) two: Zeal Network SE, Great Britain; Wienerberger AG, Austria.

Mandates according to Article 38 para 1 lit. b) three: Caldic BV, The Netherlands; JM Holding GmbH & Co. KGaA, Germany; Renolit SE, Germany.

Mandates according to Article 38 para 1 lit. c) none.

**5.1.12. Claudia Suessmuth Dyckerhoff, German citizen**

Function at Clariant: Non-executive member of the Board of Directors  
 Born: 1967  
 Year of first election: 2016

Professional career: Claudia Suessmuth Dyckerhoff holds a PhD in business administration from the University of St. Gallen/University of Michigan Ann Arbor, USA, focusing on strategy, organization, and operational excellence. Claudia Suessmuth Dyckerhoff also holds an MBA from CEMS/ESADE. She joined McKinsey in 1995 in Switzerland and since then focused on advising mainly healthcare companies in Europe, the United States, Greater China, and across Asia. She was a Senior Partner at McKinsey & Company and led the Asia Health Services and Systems sector within McKinsey until March 2016 when she became a Senior External Advisor to McKinsey.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) one: Roche Holding AG, Switzerland.



Mandates according to Article 38 para 1 lit. b) three: Member of Board of Directors at Ramsay Health Care (Sydney); Member of Board of Directors at Cyncadia Ltd., Hong Kong (start-up); Member of Board of Directors at Edugreen Education & Services Ltd., Kolkata, India (start-up).

Mandates according to Article 38 para 1 lit. c) three: Member of the Advisory Council at Buurtzorg Neighborhood Care Asia Ltd., Hong Kong; Member of the Advisory Council of the University of St. Gallen, Switzerland; Member of the Advisory Council at IMA [International Market Assessment], Shanghai, China.

#### **5.1.13. Susanne Wamsler, US citizen**

Function at Clariant: Non-executive member of the Board of Directors

Born: 1961

Year of first election: 2015

Professional career: Susanne Wamsler studied at Princeton University in Princeton, New Jersey, USA, graduating with a degree in political economy. From 1984 to 1988, she held various positions with Deutsche Bank AG in Munich and New York. In 1989, she received her MBA from INSEAD in Fontainebleau, France. Since then, she has been a successful entrepreneur in different fields, including retail, real estate, telecommunications, and wealth management. She complemented her education with certificates in board membership and corporate governance and has previously held mandates and officer positions in different businesses as well as non-profit organizations before joining the Clariant Board.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)): none

#### **5.1.14. Konstantin Winterstein, German citizen**

Function at Clariant: Non-executive member of the Board of Directors

Born: 1969

Year of first election: 2011

Professional career: Konstantin Winterstein studied at the Technical Universities in Darmstadt and in Berlin, where he completed a degree in production engineering. In 2004, he received his MBA from INSEAD in Fontainebleau and Singapore. From 1997 to 2014, he has held various positions with the BMW Group. Since 2014, he is a member of the management board of Ringmetall AG in Munich, and Co-CEO since 2017. From 2006 to 2011, he served on the Supervisory Board of Süd-Chemie AG.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)):

Mandates according to Article 38 para 1 lit. a) one: Ringmetall AG, Germany.

### **5.2. Cross-involvement**

There are no cross-involvements.

### **6. Elections**

The Board of Directors will stand for election or re-election for one- year terms. The Chairman of the Board of Directors of Clariant Ltd as well as the members of the Compensation Committee will be elected individually for a term of one year by the Annual General Meeting. Only members of the Board of Directors are eligible.

### **7. Internal organizational structure**

#### **7.1. The Board of Directors and its committees**

The Board of Directors consists of the Chairman, one or more Vice-Chairpersons, and the other members. Except for Hariolf Kottmann (who held the position of CEO until 15 October 2018), none of the non-executive members of the Board of Directors held a senior management position at Clariant Ltd or any current or former Clariant Group company between 2015 and 2018 or has any significant business relationship with Clariant Ltd or any other Clariant Group company. The members of the Board of Directors constitute the following committees:

- Nomination Committee
- Compensation Committee
- Audit Committee
- Technology and Innovation Committee (until 31 December 2018)

## BOARD OF DIRECTORS - COMMITTEE RESPONSIBILITIES AND MEETINGS

Member of the Board of Directors	Nomination Committee	Audit Committee	Compensation Committee	Technology and Innovation Committee <sup>2</sup>
<b>Number of meetings in 2018</b>	3	<sup>1</sup> 7	<sup>1</sup> 4	<sup>1</sup> 4
Abdullah Mohammed Alissa			■ since 16 October 2018	
Günter von Au	■ from 2012 until 16 October 2018	3 ■ since 2015	7	■ since 2012
Peter Chen				■ from 2006 until 16 October 2018
Hariolf Kottmann	■ since 16 October 2018			
Calum MacLean	■ since 16 October 2018			
Geoffery Merszei		■ since 16 October 2018	2	
Dr. Khaled Homza A. Nahas	■ since 16 October 2018			
Eveline Saupper		■ since 2016	7 ■ since 2016	4
Carlo G. Soave	■ since 2012	3	■ since 2012 ■ until 16 October 2018	4 ■ since 2008
Peter Steiner	■ since 2016	3 ■ since 2016	7	
Claudia Suessmuth Dyckerhoff			■ since 16 October 2018	1
Susanne Wamsler			■ since 16 October 2018	1 ■ since 2015
Rudolf Wehrli	■ from 2012 until 16 October 2018	3	■ from 2008 until 16 October 2018	3
Konstantin Winterstein		■ from 2012 until April 2016 and since March 2017	7	

■ Chairman

■ Member

<sup>1</sup> = Number of meetings attended in 2018

<sup>2</sup> = The Technology and Innovation Committee was discontinued as of 1 January 2019

The **Board of Directors** appoints the members of the committees, except for the members of the Compensation Committee, who are elected by the Annual General Meeting. The Board of Directors meets at least once a quarter. At the invitation of the Chairman, the CEO, the CFO, and other members of the Executive Committee and/or other employees and third parties attend the meetings of the Board of Directors for the purpose of reporting or imparting information. Each committee has a written charter outlining its duties and responsibilities. The committees' charters are published on Clariant's website ([www.clariant.com/committees](http://www.clariant.com/committees)). The committees report on their activities and results to the Board of Directors. They prepare the business of the Board of Directors in their respective areas.

The **Nomination Committee** (NC) comprises the Chairman, the Vice-Chairman, and two other members of the Board of Directors. The NC meets as needed. The NC draws up principles for the selection of candidates for election and re-election to the Board of Directors and to the office of CEO and prepares the corresponding recommendations. The NC considers and submits to the Board of Directors the CEO's proposals concerning candidates for Executive Committee positions.

[www.clariant.com/committees](http://www.clariant.com/committees)

The **Compensation Committee** (CoC) comprises five members of the Board of Directors as elected by the Annual or the Extraordinary General Meeting. The majority of the members shall be non-executive members of the Board of Directors. The CoC meets at least twice a

year. It reviews and proposes to the Board of Directors the compensation and benefits policies and programs, reviews the performance criteria relevant to compensation, and determines individual executive compensation and benefits of the members of the Board of Directors and the Executive Committee, subject to the approvals of the total compensations by the Annual General Meeting. Furthermore, the CoC reviews fringe benefit regulations and dismissal regulations with the CEO, members of the Executive Committee, Heads of Global Functions and Global Business Units, and Region Heads always in accordance with the Articles of Association and the Ordinance against Excessive Compensation in Listed Stock Corporations.

[www.clariant.com/committees](http://www.clariant.com/committees)

The **Audit Committee** (AC) comprises two to five members of the Board of Directors who all must be independent, non-executive members of the Board of Directors. A majority of the members of the AC must have financial and accounting experience.

The AC reviews the activities of the external auditors, their collaboration with the internal auditors, and their organizational adequacy. It also reviews the performance, compensation, and independence of the external auditors as well as the performance of the internal auditors and reports back to the Board of Directors. Furthermore, the AC reviews the company's internal control and risk management systems, and reviews compliance with the law and internal regulations – in particular with the Code of Conduct. In collaboration with the Group's external and internal auditors and financial

and accounting management, the AC reviews the appropriateness, effectiveness, and the compliance of accounting policies and financial controls with applicable accounting standards. The AC meets at least six times a year. The AC reviews and recommends the Group's financial statements for the first three quarters of each year and the annual financial results to the Board of Directors for approval.

[www.clariant.com/committees](http://www.clariant.com/committees)

The **Technology and Innovation Committee** (TIC) comprises four members of the Board of Directors with experience in research, innovation management, and technology. The TIC meets at least twice a year. The tasks of the TIC include assessing the company's innovative activities on behalf of the Board of Directors. The TIC also reviews measures to stimulate research and development and optimize innovative potential, and submits appropriate recommendations to the Board of Directors. The TIC was discontinued as of 1 January 2019.

## 7.2. Definition of working methods and areas of responsibility

In accordance with the law and the Articles of Association, the Board of Directors is the ultimate decision-making authority for Clariant Ltd in all matters except those decisions reserved by law or the Articles of Association for the shareholders. In accordance with and supplementary to Article 716a of the Swiss Code of Obligations and Article 22 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)), the Board of Directors has sole authority particularly for the following non-transferable and inalienable duties of the Board of Directors:

- Providing the strategic direction of the Group;
- Approving the basic outline of the Group's organization and its corporate governance;
- Supervising the overall business operations;
- Evaluating the performance of the CEO and members of the Executive Committee;
- Appointing and dismissing the CEO and members of the Executive Committee, the Head of Corporate Auditing, and other key executives;
- Approving the basic accounting system and financial planning and control of the Group;
- Approving the Group's annual budget;
- Reviewing and approving the quarterly financial statements and results release for Clariant Ltd and the Group;
- Approving the Group's consolidated financial statements at the end of the fiscal year for submission to the Annual General Meeting;
- Approving major M&A transactions and financial transactions of considerable scope or those involving special risks, particularly capital market transactions and other financing transactions (e.g., large loans) as well as changes in conditions associated therewith;
- Ensuring a management and corporate culture that is appropriate for the company's objectives;
- Ensuring an internal control system and adequate risk and compliance management, particularly with regard to financial,

corporate governance and citizenship, personnel, and environmental protection matters;

- Ensuring succession planning and management development;
- Convening the Annual General Meeting (AGM) and determining the items on the agenda and the proposals to be made to the AGM.

## 7.3. Working methods

In 2018, the Board of Directors held seven meetings in person at the Corporate Center in Pratteln or at other locations in Switzerland (with two meetings lasting two days), and five meetings by phone. From the twelve board meetings in total, nine board meetings were attended by all board members, and at three board meetings, one board member was excused. The company's strategy is reviewed and further developed once a year. Members of the Executive Committee are invited to attend the meetings of the Board of Directors. The views of external and internal consultants are heard, if necessary, in the case of projects of considerable scope.

### BOARD OF DIRECTORS MEETINGS

Number of meetings in 2018	12
<b>Board of Directors</b>	
Abdullah Mohammed Alissa	4
Günter von Au	12
Peter Chen	8
Hariolf Kottmann	12
Calum MacLean	4
Geoffery Merszei	4
Dr. Khaled Homza A. Nahas	3
Eveline Saupper	11
Carlo G. Soave	12
Peter Steiner	12
Claudia Suessmuth Dyckerhoff	12
Susanne Wamsler	12
Rudolf Wehrli	9
Konstantin Winterstein	12

## 7.4. Management of the Group

The Board of Directors has delegated the executive management of the Clariant Group to the CEO and the other members of the Executive Committee. The Executive Committee is mainly responsible for implementing and monitoring the Group strategy, for the financial and operational management of the Group, and for the efficiency of the Group's structure and organization. The members of the Executive Committee are appointed by the Board of Directors on the recommendation of the Nomination Committee. Subject to the responsibility of the Board of Directors and the Annual General Meeting, the CEO and, under his supervision, the Executive Committee are responsible for:

- Drawing up strategic plans and policies for approval by the Board of Directors;
- Implementing Group strategies and policies as well as strategies and action programs for individual Business Units and subsidiaries;

- Managing the Business Units and functions to ensure efficient operations, including regularly assessing the achievement of goals;
  - Regularly informing the Board of Directors and its committees of all matters of fundamental significance to the Group and its businesses;
  - Ensuring compliance with legal requirements and internal regulations;
  - Establishing a management and corporate culture in line with the company's objectives;
  - Promoting an active internal and external communications policy;
  - Appointing and dismissing senior management, including appropriate succession planning.
- The CEO and the CFO inform all directors regularly about current developments, including through the regular submission of written reports, such as key performance indicators for each business;
  - The minutes of the meetings of the Executive Committee are made available to the directors;
  - Informal meetings and teleconferences are held, as required, between the CEO and the members of the Nomination Committee;
  - The members of the Executive Committee are invited to attend meetings of the Board of Directors to report on Business Units under their responsibility;
  - The members of the Board of Directors are entitled to request information from members of the Executive Committee or any other Clariant senior manager.

The Executive Committee is supported by the Corporate Center, which defines Group-wide policies and guidelines. While reporting in the four Business Areas Care Chemicals (BU ICS), Catalysis (BU Catalysts), Natural Resources (BU Oil & Mining Services, BU Functional Minerals), and Plastics & Coatings (BU Additives, BU Masterbatches, BU Pigments), the seven Business Units are the highest-level operating units within the Group. They have global responsibility for the activities assigned to them, particularly sales, marketing, product management, and production. The Business Units also have global responsibility for short- and long-term revenue and earnings generated from the operations and assets assigned to them. This includes fully exploiting existing business potential, identifying new business opportunities, and pursuing the active management of their products and services portfolio. The Business Units' activities are complemented and supported by global Group functions (e.g., Procurement, Finance, Information Technology, Legal, Human Resources, and Group Technology & Innovation), which are organized as service centers.

### 7.5. Information and control instruments vis-à-vis the Executive Committee

The Board of Directors ensures that it receives sufficient information from the Executive Committee to perform its supervisory duties and make decisions that are reserved for the Board of Directors. The Board of Directors obtains the information required to perform its duties in various ways:

### 7.6. Board committees

The Nomination Committee meets regularly with members of the Executive Committee and other members of senior management to review the business, better understand applicable laws and policies affecting the Group, and support the Executive Committee in meeting the requirements and expectations of stakeholders. The Technology and Innovation Committee invites members of the Executive Committee and members of senior management as necessary to discuss selected aspects of innovative activities. The CFO and representatives of the external auditor are invited to Audit Committee meetings. Furthermore, the Heads of Corporate Auditing and Risk Management, the Group Compliance Officer, and Clariant's General Counsel report on a regular basis to the Audit Committee. The Audit Committee reviews the financial reporting processes on behalf of the Board of Directors. For each quarterly and annual reporting of financial information, an internal team reviews the information for accuracy and completeness of disclosures, reporting to the Audit Committee before publication. The Compensation Committee generally meets at least twice per year to adjust the development of the compensation structures to changing conditions, as necessary. In this context, the long-term incentive program for the Executive Committee and the senior management team is also aligned with current market and business developments and corresponding adjustments are made, if required.

#### BOARD OF DIRECTORS – COMMITTEE MEETINGS

	Number of meetings	Duration in h	Invited CEO/CFO	Other attendees
Board of Directors	12	3-7	Yes	Executive Committee
Nomination Committee	3	2	Yes	
Audit Committee	7	3-4	CFO	Auditors; Risk Management; Corporate Auditing; General Counsel; Group Compliance Officer in two meetings
Compensation Committee	4	1	Yes	CEO; Head of Group Human Resources
Technology and Innovation Committee	4	3-4	CEO	Head of Group Technology & Innovation; Executive Committee

## 7.7. Internal audit (Corporate Auditing)

Corporate Auditing carries out operational and system audits in accordance with a plan adopted by the Audit Committee. By assisting organizational units in the accomplishment of objectives, it provides an independent approach for the evaluation, improvement, and effectiveness of the internal control framework. The quality of Corporate Auditing is regularly assessed in accordance with the requirements of The Institute of Internal Auditors (IIA). Corporate Auditing also prepares reports on the audits it has performed and reports actual or suspected irregularities to the Audit Committee and the Chairman of the Board of Directors. The Audit Committee regularly reviews the scope, plans, and results of Corporate Auditing. The Group pursues a risk-oriented approach to auditing and coordinates internal audit activities with the external auditors on a regular basis. More information on Clariant's risk management system can be found on page 16.

## 8. Group management

### 8.1. The Executive Committee

The Executive Committee (EC) consists of the CEO, the CFO, and two other members. The Executive Committee regularly holds meetings at the Corporate Center in Pratteln or at other Clariant sites worldwide. It uses such external meetings to discuss business performance with the management of the local companies in person.

### 8.2. Members of the Executive Committee

The Executive Committee comprised the following members:

#### 8.2.1. Hariolf Kottmann, German citizen, CEO until 15 October 2018

Chief Executive Officer (CEO)

Operational responsibilities: Corporate Planning & Strategy; Group Communication; Group Legal.

Hariolf Kottmann earned his PhD in organic chemistry at the University of Stuttgart in 1984. In 1985, he launched his career at the former Hoechst AG in Frankfurt, where he held several key management positions across the company's chemical divisions and functions. In 1996, he was appointed Deputy Head of the Basic Chemicals Division at Hoechst AG and took responsibility for the Inorganic Chemicals BU. In 1998, he joined Celanese Ltd in New Jersey (United States) as member of the Executive Committee and Head of the Organic Chemicals BU. In April 2001, he was appointed member of the Executive Committee of SGL Carbon AG, where he was responsible for the Graphite Specialties, Corrosion Protection, and Advanced Materials Divisions as well as the Eastern Europe and Asia regions until 30 September 2008. He was also in charge of the SGL Excellence and Technology & Innovation corporate functions. He became CEO of Clariant on 1 October 2008 and held this position until 15 October 2018.

#### 8.2.2. Britta Fuenfstueck, Austrian citizen, EC member until 31 October 2018

Operational responsibilities: Business Area Plastics & Coatings; Group Procurement Services; Group Information Technology; Commercial Excellence; Operational Excellence; Supply Chain Excellence; Digital4Clariant; regions Latin America and North America. Britta Fuenfstueck, following an education in economics, studied engineering physics at the Johannes-Kepler-University of Linz (Austria), where she completed her MSc studies in 1998. In the same year, she began her career as a consultant at Boston Consulting Group in Vienna (Austria). Between 2000 and 2009, she held several positions in marketing and sales as well as director roles in strategy, planning, and mergers and acquisitions in the Healthcare division of Siemens AG in Germany and in the United States. In 2009, she became CEO of the Molecular Imaging Business Unit at Siemens in Chicago, USA. In 2013, she was appointed CEO of the Clinical Products division at Siemens in Erlangen (Germany) and member of the Executive Committee of the Siemens Healthcare division. Britta Fuenfstueck has been member of the Executive Committee of Clariant from 1 April 2016 until 31 October 2018.

#### 8.2.3. Ernesto Occhiello, Italian citizen, CEO since 16 October 2018

Chief Executive Officer (CEO)

Operational responsibilities: Corporate Planning & Strategy; Group Communication; Group Human Resources; Group Legal; Clariant Excellence.

Ernesto Occhiello holds a laurea in chemistry with honors from the University of Turin.

Ernesto Occhiello started his career in 1985 at Istituto Guido Donegani, where he became a leading scientist in the field of surface characterization and modification.

Between 1991 and 2001, he held several positions at EniChem, where he led the technical aspects of the due diligence and negotiations for the sale of the polyurethane business to Dow Chemical.

From 2001 to 2011, he championed R&D of several businesses of Dow Chemical, responsible for a global scientific workforce.

Between 2009 and 2011, he worked as Dow's R&D Director Performance Systems and R&D Director Europe, India, Middle East & Africa, based in Horgen, Switzerland.

In 2011, Ernesto Occhiello joined SABIC as Executive Vice President Technology & Innovation, Chief Sustainability Officer, and Member of the Executive Committee. In 2015, he became Executive Vice President Innovative Plastics Strategic Business Unit, leading a major restructure, which resulted in the creation of a true Specialties Strategic Business Unit in 2016.

Ernesto Occhiello was appointed as CEO of Clariant effective as of 16 October 2018.

**8.2.4 Hans Bohnen, German citizen,****EC member since 12 October 2018**

Operational responsibilities: Business Area Plastics & Coatings; Group Procurement Services; Group Information Technology; Global Business Services; Digital4Clariant; regions Latin America and North America.

Hans Bohnen studied chemistry at the University of Duisburg-Essen, Germany, obtained a PhD in chemistry from the University of Tübingen, Germany, and holds an MBA from the Aston Business School. Hans Bohnen began his career in 1995 as a Research Chemist at Hoechst AG. Between 1995 and 2006, he held several senior positions in Research & Development and Operations across Europe and North America for Hoechst AG, Celanese AG, and SGL Group. From 2007 to 2009, he worked in strategic management consultancy with Booz Allen Hamilton. In 2010, he became Senior Vice President and Head of Clariant's Business Unit Masterbatches. In 2015, he was appointed Head of Clariant Global Business Services to build up Clariant's internal shared service organization. On 12 October 2018, he was appointed a member of the Executive Committee of Clariant.

**8.2.5. Patrick Jany, German citizen,****Chief Financial Officer (CFO)**

Operational responsibilities: Corporate Accounting; Corporate Controlling; Corporate Tax; Corporate Treasury; Corporate Mergers & Acquisitions; Group Finance Services; Group Compliance; Global Business Services (until 12 October 2018); Investor Relations; regions Europe and Middle East & Africa.

Patrick Jany studied economics at the École Supérieure de Commerce de Paris. He has been Chief Financial Officer at Clariant since 1 January 2006. In 1990, he joined Sandoz – one of Clariant's predecessor companies. He held various positions in Finance and Controlling at Sandoz and Clariant, including Chief Financial Officer for the ASEAN region and Head of Controlling for the Pigments & Additives Division. From 2003 to 2004, he was Head of Country Organization for Clariant in Mexico. Prior to his appointment as CFO, he was Clariant's Head of Corporate Development with responsibility for Group strategy and mergers and acquisitions.

**8.2.6. Christian Kohlpaintner, German citizen**

Operational responsibilities: Business Area Care Chemicals, Business Area Catalysis; Business Area Natural Resources; Group Technology & Innovation; Corporate Sustainability & Regulatory Affairs; Clariant Excellence (until 16 October 2018); Group Human Resources (until 16 October 2018); regions Greater China, India, Japan, and South East Asia & Pacific.

Christian Kohlpaintner studied chemistry at the Technical University of Munich and completed his PhD in 1992. Between 1993 and 1997, he worked in various research departments of Hoechst AG in Germany and the United States. In 1997, he joined Celanese Ltd and held a number of leadership roles at Celanese Chemicals Corporation. In 2002, he became Vice President Innovation of Celanese Ltd and Executive Director of Celanese Ventures Corporation. From 2003, he was a member of the Executive Committee of Chemische Fabrik Budenheim. In 2005, he became CEO. On 1 October 2009, he was appointed a member of the Executive Committee of Clariant.

**8.3. Other activities and functions**

While the members of the Executive Committee may undertake other activities in accordance with Article 38 para 2 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)), none of the members of the Executive Committee undertake other activities or hold consultancy functions or other offices, except for

- Hariolf Kottmann, who was a member of the Board of Directors of Clariant Ltd and whose other activities can be found on page 6,
- Ernesto Occhiello, who is a member of a scientific committee of the Agroinnova institute, University of Turin, and
- Christian Kohlpaintner, who is chairman of the university foundation of the Technische Universität München (TUM) in Munich, Germany, member of the Senior Advisory Board of Equity Capital Management GmbH (ECM) in Frankfurt, Germany (until 30 September 2018), member of the Board of Trustees of the scientific journal »Angewandte Chemie«, Weinheim, Germany, and member of the board of the business association scienceindustries Switzerland, Zurich, Switzerland.

**8.4. Management contracts with third parties**

There are no management contracts with third parties.

**8.5. Contractual arrangements for members of the Executive Committee**

All members of the Executive Committee hold employment contracts with Clariant International Ltd, the Clariant Group's management company. The contractual provisions are governed exclusively by Swiss law. Contracts of the members of the Executive Committee are subject to a standard notice period of 12 months.

**8.6. Compensation, shareholdings, and loans**

Please refer to the Compensation Report ([reports.clariant.com/2018/compensation/pdf/en](http://reports.clariant.com/2018/compensation/pdf/en)) and Note 14 (pages 80 and 81) of the Financial Statements of Clariant Ltd in the Financial Report 2018.

## 9. Remuneration, shareholdings, and loans

All information on the remuneration of the Board of Directors and the Executive Committee of Clariant Ltd can be found in the Compensation Report ([reports.clariant.com/2018/compensation/pdf/en](https://reports.clariant.com/2018/compensation/pdf/en)).

## 10. Shareholders' participation rights

Subject to Article 6 para 2 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)), providing certain limitations on voting by nominees, each registered share entitles the holder to one vote at the Annual General Meeting. Shareholders have the right to receive dividends and such other rights as are granted by the Swiss Code of Obligations. However, only shareholders entered in the Clariant share register may exercise their voting rights.

### 10.1. Voting right restrictions and representation

A registered shareholder may be represented at the Annual General Meeting by another shareholder with the right to vote, a legal representative, or by the independent proxy (unabhängiger Stimmrechtsvertreter). The shares held by any one shareholder may be represented by only one representative. There are no special rules for waiving any voting rights restrictions laid down in the Articles of Association. The Articles of Association also do not contain any rules on participation in the Annual General Meeting that differ from the standard terms proposed by law.

### 10.2. Statutory quorums

The quorums laid down in the Articles of Association correspond to those in Article 704 of the Swiss Code of Obligations.

### 10.3. Convocation of the Annual General Meeting

The Articles of Association do not contain any rules that differ from the standard terms proposed by law.

### 10.4. Proposal of agenda items for the 2020 Annual General Meeting

The Articles of Association do not contain any rules that differ from the standard terms proposed by law. Shareholders representing shares with a total par value of CHF 1 million have the right to submit written requests that an item be included on the agenda at least 45 days prior to the 25th Annual General Meeting on 30 March 2020. Items to be included on the agenda – with regard to the 2019 financial year – must be submitted no later than 13 February 2020. Such requests must specify the item(s) to be included on the agenda and must contain a proposal on which the shareholder requests a vote.

### 10.5. Entries in the share register

There are no statutory rules concerning deadlines for entry in the share register. However, for practical reasons, the share register will be closed to entries several days before a shareholder meeting. With regard to the Annual General Meeting 2020 concerning the financial

year 2019, this applies as of Wednesday, 25 March 2020. Shareholders who have been entered into the share register by Tuesday, 24 March 2020, may exercise their right to vote at the Annual General Meeting on 30 March 2020. There are no voting rights restrictions except those mentioned above.

## 11. Change of control and defense measures

The limit beyond which the duty to make an offer applies is the same as the statutory minimum, 33 1/3%. There are no clauses on changes of control in agreements with members of the Board of Directors and the Executive Committee as well as other management executives, other than

- a) with regard to the Performance Share Units (PSU): PSUs unvested at the date of change of control vest on a pro-rata basis. The Board of Directors is authorized, at its discretion, to assess if the performance targets are met and to decide on settlement in shares or in cash;
- b) with regard to the Matching Share Plan (MSP): The blocking period of the Investment Shares of the MSP terminates on the date of the change of control and entitles to receive Matching Shares on a pro-rata basis.

## 12. Information policy

Notices are published, in accordance with Article 42 of the Articles of Association ([www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association](http://www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association)), in the Swiss Official Gazette of Commerce and in daily newspapers specified by the Board of Directors (currently Basler Zeitung, Neue Zürcher Zeitung). Clariant releases its annual financial results in the form of Financial Statements and publishes further information in the form of an Integrated Report (formerly annual report) in printed and electronic form. In addition, detailed business figures for the first quarter, half year, nine months, and full year are published in electronic form in April, July, October, and February of the following year, respectively. Current publication dates can be found online in English on our website ([www.clariant.com/UpcomingEvents](http://www.clariant.com/UpcomingEvents)). All information pertaining to investor updates, and presentations at analyst and investor conferences can be obtained online ([www.clariant.com](http://www.clariant.com)) or from the following contact address:

Clariant International Ltd, Investor Relations, Hardstrasse 61, 4133 Pratteln, Switzerland, [investor-relations@clariant.com](mailto:investor-relations@clariant.com), Phone +41 61 469 63 73, Fax +41 61 469 67 67.

The results for the 2019 financial year will be published as follows:

– Interim Report on the first quarter	30 April 2019
– Interim Report on the first half	25 July 2019
– Interim Report on the nine months	30 October 2019
– Full-Year Results	13 February 2020

## **12.1. The Annual General Meeting for the 2019 financial year will take place on the following date**

30 March 2020

## **12.2. Weblinks**

### **12.2.1. Clariant website**

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

### **12.2.2. E-mail distribution list (push system)**

[www.clariant.com/SubscriptionForm](http://www.clariant.com/SubscriptionForm)

### **12.2.3. Ad hoc messages (pull system)**

[www.clariant.com/AdHocNews](http://www.clariant.com/AdHocNews)

### **12.2.4. Financial reports**

[www.clariant.com/Publications](http://www.clariant.com/Publications)

### **12.2.5. Corporate calendar**

[www.clariant.com/UpcomingEvents](http://www.clariant.com/UpcomingEvents)

## **13. Auditors**

### **13.1. Duration of the mandate and term of office of the lead auditor**

PricewaterhouseCoopers (PwC) has held the mandate since Clariant Ltd was established in 1995. The principle of rotation applies to the lead auditor, Rolf Johner, who was first appointed in April 2016. The Audit Committee ensures that the position of lead auditor is changed at least every seven years.

### **13.2. Auditing fees**

PricewaterhouseCoopers received a fee of CHF 5.5 million for auditing the 2018 financial statements (2017: CHF 11.9 million). The 2017 audit fees were higher as a result of additional audit procedures in relation to the (abandoned) merger with Huntsman.

### **13.3. Additional fees**

PricewaterhouseCoopers received a total fee of CHF 0.5 million for additional services (2017: CHF 1.1 million). These services comprise audit-related services of CHF 0.3 million, and tax services of CHF 0.2 million. No consulting services were provided in 2018 (2017: CHF 0.1 million).

### **13.4. Supervisory and control instruments vis-à-vis the auditors**

The Audit Committee of the Board of Directors is responsible for overseeing and evaluating the performance of the external auditors on behalf of the Board of Directors and recommends to the Board of Directors whether PwC should be proposed to the Annual Gen-

eral Meeting for re-election. Criteria applied for the performance assessment of PwC include technical and operational competence, independent and objective view, employment of sufficient resources, focus on areas of significant risk to Clariant, ability to provide effective and practical recommendations, and open and effective communication and coordination with the Audit Committee, Corporate Auditing, and management. In 2018, seven joint meetings were held with the external auditor's representatives. These meetings were attended by members of the Audit Committee, the partner and senior manager of the audit firm, Clariant's CFO, the Group Accountant, the Head of Corporate Auditing, the General Counsel, and partly the Group Compliance Officer. Depending on the topics to be discussed, the meetings were also attended by the Group Risk Manager. The auditors communicate audit plans and findings to the Audit Committee and issue reports to the Board of Directors in accordance with article 728b of the Swiss Code of Obligations. The Audit Committee's approval is required for all services provided by PwC exceeding a fee volume of CHF 25 000. These services may include audit and audit-related services as well as tax and other services. PwC and the Executive Committee report to the Audit Committee on a regular basis regarding the extent of services provided in conjunction with this approval.

## **14. Enterprise risk management (ERM)**

Under the Enterprise Risk Management Policy, based on the standard of »The Institute of Risk Management«, risk assessments are prepared by Business Units, Service Units, Corporate Functions, and Regions to assess threats that will impact the achievement of the objectives set for Clariant overall. These objectives are a result of the overall strategy of the Group as set by the Board of Directors and implemented by the Executive Committee.

The Executive Committee is responsible for monitoring the risk assessments for relevance and consistency. The Executive Committee has formed an »Ethics and Risk Management« subcommittee, which maintains an up-to-date understanding of areas where Clariant is, or may be, exposed to risk issues, and seeks to ensure that management is effectively addressing those issues. The Ethics and Risk Management Committee meets on a quarterly basis.

The short- and long-term objectives are set in the fourth quarter of the year. These objectives, threats, and opportunities are subject to scrutiny by the Executive Committee during meetings with each Business Unit. Also reviewed and discussed are proposed measures to reduce or contain threats. In that context, mitigation measures are defined, and responsibilities are assigned. All stakeholders are required to report significant changes to existing identified risks and new threats and opportunities as they arise.



Risk registers are maintained using financial and reputational impact and probability assessments to score and rank all identified risks. The assessment also addresses the measures in place to manage the risk identified with dates for completion of the measures. Effectiveness of the measures is also assessed.

When threats have been identified and quantified, they are delegated to qualified individuals who are required to deliver effective risk management. Depending on the nature of the risk identified, specific skill sets may be required for the management of those particular risks. The assessments are shared between the stakeholders on a regular basis.

A consolidated risk assessment is submitted annually to the Executive Committee, the Audit Committee, and the Board of Directors for review. In case of new or changed risks, reporting is accelerated.

Summaries of risk assessments from the Business Units, Regions, and Service Units are shared with key managers of Clariant.

To support functional responsibility, certain functions have access to risk assessments to assist them in their roles. Examples of such functions are Environmental Safety & Health Affairs (ESHA) to identify key sites for their property risk survey program or Group Procurement to ensure reliable and compliant supply of raw materials.

Examples of identified risks included in the risk register:

**Regulation and compliance:** Clariant is subject to many rules and regulations as well as compliance standards. These include chemical industry, country, government, and customer requirements as well as the European Union's (EU) Regulations on Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) or similar regulations in other countries. Clariant Product Stewardship is responsible to ensure that all relevant legal requirements are met. Certain specific matters are delegated to Legal, ESHA, and logistics functions.

**Sites and locations:** This includes manufacturing plants and equipment important for the production of Clariant products for sale to customers. Also addressed are country and culture issues that could create threats to and opportunities for business objectives. The aim is to maintain high-quality production facilities. ESHA and Regional Services are responsible for the management of the associated risks.

Examples of emerging risks included in the risk register:

**Economic development:** The achievement of corporate targets depends on economic development, which is therefore continuously monitored in all markets. Should a market not develop in line with expectations, the organization will be adjusted accordingly. The global trade uncertainty arising from the currently looming conflicts around trade and tariffs could adversely affect economic development.

**Consolidation of customers:** Consolidations in certain markets of Clariant result in increasing pressure on prices. As a consequence, Clariant is further developing key account pricing strategies and speeding up the value proposition claim.

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