CLARIANT

Compensation Report
2019

what is precious to you?

Index

Compensation Report

Clariant's compensation policy is aimed to support the ambition of Clariant to be an employer of choice and strives to attract, motivate, and retain committed employees.

The purpose of this Compensation Report is to provide a comprehensive overview of Clariant's compensation concept and programs. In addition, it includes the compensation levels of the Board of Directors and the Executive Committee (EC); accordingly, some information given in Note 14, pages 80 to 81, of the Financial Report 2019 is repeated here.

1. Members and responsibilities of the Compensation Committee of the Board of Directors

During the 2019 reporting year, the Compensation Committee (CoC) comprised five non-executive Board members: Eveline Saupper (Chairwoman), Abdullah Mohammed Alissa, Carlo G. Soave, Claudia Suessmuth Dyckerhoff and Susanne Wamsler. The Chairman of the Board is a regular guest in the Compensation Committee.

The Corporate Secretary acts as Secretary to the CoC. The Head of Corporate Human Resources (HR) is a regular guest to share information and consult on relevant topics. The Chairwoman of the CoC may invite the CEO to discussions on individual agenda items for consultation, taking into account potential conflicts of interest that would oblige him to abstain.

The roles and responsibilities of the CoC are defined in paragraph 3.2.2 of the Bylaws of the Board of Directors of Clariant from 23 July 2019 (www.clariant.com/en/company/Corporate-Governance/Articles-of-Association) in combination with paragraph 3 & 5 of the Compensation Committee Charter from 1 April 2019 (www.clariant.com/en/Company/Corporate-Governance/Committees):

The CoC reviews and proposes – subject to the approval of the total compensation by the General Meeting – the individual compensation for Board members, the CEO, and members of the EC to the Board of Directors for approval. It approves employment contracts, including agreements governing departures and termination with the CEO and members of the EC. The CoC takes note of appointments of Heads of Global Business Units, Heads of Global Service Units, and Heads of Regions and regularly reviews and approves their compensation. Furthermore, upon proposal by the CEO, the CoC reviews and approves any early retirement agreement for the members of the EC, the Heads of Global Business Units, and Heads of Global Service Units.

The CoC reviews compensation market data and competitor benchmark data to ensure Clariant's competitiveness to attract and retain key people needed to ensure long-term success of the business. It reviews and approves general global compensation and benefits policies, including short-term and long-term incentive plans, and defines the overall Group targets on which they depend, as well as the attainment levels of these targets (upon proposal by the CEO/Chairman). Additionally, the CoC defines guidelines for determining compensation of members of the Management Committees of Business Units and Service Units.

Finally, the CoC prepares the Compensation Report for the Board of Directors and reviews any other mandatory public disclosure statements on compensation and benefits.

The CoC shall meet at least twice a year; however, it is regular practice to hold three meetings:
a) February: Determination of bonus payments for members of the EC, determination of BoD and EC budgets for the forthcoming (mandate) year
b) June: Fundamental matters concerning the Group's Human Resources priorities
c) December: Preparation of the Compensation Report, planning of compensation changes in the following year

The CoC also meets as needed. In 2019, the CoC met four times and held several bilateral discussions and telephone conferences.

2. Compensation concept

To support the attraction, motivation, and retention of qualified and committed employees throughout the organization, Clariant's remuneration policy is based on the following main principles:

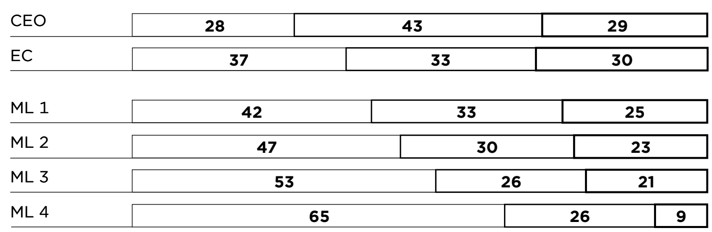
— Alignment with Business Strategy: Remuneration components are designed to support the execution of Clariant's Business Strategy.
— Competitiveness: Clariant conducts regular benchmarking studies to ensure compensation levels are in line with market practices.
— Compliance: Clariant's compensation practices always follow local regulations such as laws and collective union agreements.
— Internal Fairness: The compensation policy and practices ensure consistency and a fair treatment of employees working for Clariant.
— Performance-based Pay: Clariant's remuneration components incentivize business and individual performance.
— Transparency: Remuneration components are made transparent to the individual and the organization.

In order to uphold these principles, the CoC analyzes and discusses market developments at regular intervals and considers the implications of these developments for Clariant. The Articles of Association (Art. 26 ss; www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association) of Clariant Ltd therefore reflect Clariant's commitment to market practice.

3. Remuneration structure for management

The structure of total remuneration should be highly performance- and success-oriented to ensure that shareholder and management interests are aligned. As part of Clariant's remuneration philosophy, performance-based Short-Term and Long-Term Incentives in relation to total compensation increase with increasing responsibility/management level (see exhibit Global Pay Mix → **FIGURE 001**). Clariant positions target levels for management incentives above market norm to provide a distinct incentive for achieving ambitious business objectives. While Long-Term and Short-Term Incentives are based on Group Performance Indicators only (details are disclosed in chapter 4, beginning on page 4), individual performance – measured through a consistent, global Performance Management system – is a determining factor in career development and the annual salary review process. Within the Global Performance Management System, each manager's or employee's performance is assessed and discussed on a yearly basis. Since 2012, the process has included regular 360-degree feedback for all management levels. In addition to this, Clariant has practiced a calibration process of individual performance ratings for all management levels since 2017. In conjunction with other factors, such as internal and external market conditions, this results in transparency and consistent salary decisions. In general, Clariant applies a four-eyes principle, which includes the involvement of the line manager and next level supervisor, in addition to obtaining guidance from global or local Human Resources professionals.

001 **GLOBAL PAY MIX (RELATIVE STRUCTURE)** in % of total compensation



☐ Base Salary ☐ Short-Term Incentives (STI) ☐ Long-Term Incentives (LTI)
ML: Management Level

4. Overview of existing Incentive Plans

The key principles for Clariant's Short-Term Incentives (STI) and Long-Term Incentives (LTI) are to reduce complexity, increase transparency, and ensure a coordinated and unified »One Clariant« approach throughout all employee groups and countries. Therefore, success, in terms of bonus payouts, will generally be measured only based on relevant financial Group Performance Indicators. Only if Clariant is successful, profits can be shared with employees.

Remuneration – Key Changes 2019:

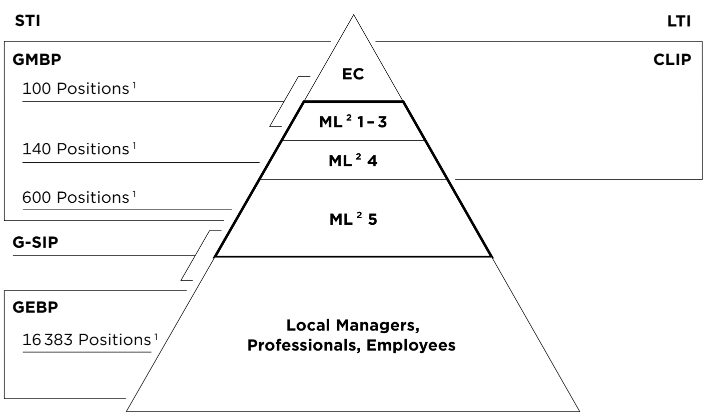
— Replacement of the Matching Share Plan by a new LTI Plan based on Performance Share Units
— New LTI Plan with a three-year vesting period and performance indicators »relative Total Shareholder Return« and Economic Profit
— Reduction of the Annual Target Bonus for CEO and EC while increasing LTI volume (with total target variable remuneration unchanged)
— Consistent Claw Back clauses introduced for all LTI plans
— Shareholding requirements for all LTI participants as fixed number of Clariant shares per management level

The following variable compensation programs are currently in place for Clariant:

STI: Short-Term Incentive Plans (cash bonus)
a) Group Management Bonus Plan (GMBP) – started in 2010
b) Group Employee Bonus Plan (GEBP) – started in 2010/2011
c) Global Sales Incentive Plan (G-SIP) – started in 2011

LTI: Long-Term Incentive Plans (equity-linked incentives)
a) Performance Share Unit (PSU) Plan – started in 2013, last grant in 2018
b) Group Senior Management – Long-Term Incentive Plan (GSM-LTIP or Matching Share Plan) – started in 2010, last grant in 2018 (for 2017)
c) Clariant Long-Term Incentive Plan (CLIP) – started in 2019
d) Restricted shares for the Board of Directors – started in 2012

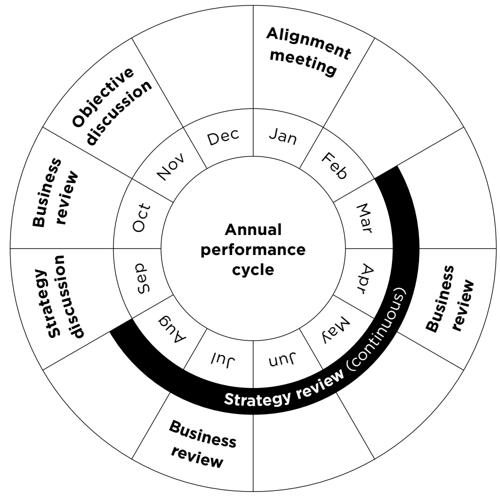
002 **CLARIANT INCENTIVE SCHEME LANDSCAPE**



[1] Number of positions as of 31 December 2019
[2] ML: Management Level

The **Performance Cycle of Clariant** is based on a 12-month rotation, which starts in November each year with objective discussions focusing on the next business year. Group Performance Indicators (GPI), top priorities, and related projects are included. In January, alignment meetings take place with key leaders of the company in order to cascade GPI objectives and priorities for the new year.

003 **ANNUAL PERFORMANCE CYCLE**



4.1. Short-Term Incentive Plans (cash bonus)

a) The **Group Management Bonus Plan (GMBP)** is anchored in the overall Performance Cycle at Clariant. Through intensive discussions and systematic alignment meetings, this cycle ensures a challenging business-specific target agreement for each Business Unit (BU) and Service Unit (SU).

The individual amount of bonus payments generated in a year is determined by the achieved result of the Clariant Group measured against defined objectives. The achievement is calculated by means of three elements: financial result of the Group, financial results of the BUs or SUs, and defined top priorities (Group Performance Indicators and strategic projects). → **FIGURE 004, PAGE 6**

As Clariant Performance Cycle agreements with each BU lead to challenging business-specific target settings, the maximum bonus payout is explicitly capped at 100 % (= target). The target settings for 2019 were defined in the fourth quarter of 2018. As outlined in the remuneration structure (see paragraph 3), Clariant aims for a higher bonus target than the norm in international markets; thus, this 100-percent approach ensures overall competitive positioning compared with other companies.

The annual evaluation of the achievement of objectives and allocation of funds for the GMBP is conducted by the CoC in February, following the respective financial year, and approved by the Board of Directors. This system ensures that the bonus payments granted to employees are closely aligned with the Group's overall results.

004 **GROUP MANAGEMENT BONUS PLAN (GMBP) 2019**

	Corporate		Discontinued Operations[1]		Continuing Operations[2]		Services	
Performance indicators and weighting								
Group Achievement		**80 %**		**10 %**		**10 %**		**10 %**
	ROIC	40 %	ROIC	5 %	ROIC	5 %	ROIC	5 %
	Operating Cash Flow	40 %	Operating Cash Flow	5 %	Operating Cash Flow	5 %	Operating Cash Flow	5 %
Financial Achievement BU/Services				**70 %**		**70 %**		**70 %**
			EBITDA aei	10 %	EBITDA aei	20 %	Service Unit Costs	
			BU Cash Flow	50 %	BU Cash Flow	30 %		
			LC Growth	10 %	LC Growth	20 %		
Top Priorities		**20 %**		**20 %**		**20 %**		**20 %**
	Inventory Target[3]		Inventory Target[3]		Inventory Target[3]		Inventory Target[3]	
	CLNX Benefits		CLNX Benefits		CLNX Benefits		CLNX Benefits	
	Innovation Sales		OTIF		Innovation Sales		Innovation Sales	
	Innovation COMA%		LTAR		Innovation COMA%		Innovation COMA%	
	LTAR				LTAR		LTAR	
Achievements								
Group Achievement								**73 %**
Financial Achievement BU/Services								**58 – 100 %**
Top Priorities								**75 – 100 %**
Bonus payout								**44.1 – 92.9 % (EC: 55.0 %)**

[1] Discontinued operations are BU Pigments and BU Masterbatches.

[2] Continuing operations are BUs Industrial & Consumer Specialties, Catalysts, Additives, Functional Minerals, Oil and Mining Services.

[3] Q1, Q2, and Q3 inventory in % of annualized quarterly sales

Legend: aei = after exceptional items; BU = Business Unit ; CLNX = Clariant Excellence; COMA = Contribution Margin; EBITDA = Earnings Before Interest, Taxes, Deprecation and Amortization; LC = Local Currency; LTAR = Lost-time Accident Rate; OTIF = On-Time- and In-Full deliveries; ROIC = Return on Invested Capital

b) Cash bonus for non-management levels: The **Group Employee Bonus Plan (GEBP)** represents a globally aligned and standardized bonus plan for all legal entities around the world. In general (where legally compliant and possible), all legal entities will apply the global Group Achievement or a combination of Group Achievement and local Top Priorities as the bonus payout. The maximum bonus payout is capped at 100 % (= target). Some countries in Asia and Latin America reward part of the GEBP for blue-collar employees in the form of a local productivity scheme to improve site/plant performance. Since 2017, employees in the Clariant Shared Service Centers in Poland and India have received 50 % of their GEBP in the form of a »Global Business Services – Shared Service Center Bonus Plan (GBS-SSC)« to offer a competitive incentive focused on quality and productivity.

c) Cash bonus for the sales force: The **Global Sales Incentive Plan (G-SIP)** aims to incentivize premier sales performance and growth by focusing on the individual sales performance and underlying Key Performance Indicators in the areas of sales, margin, and trade receivables. Each objective is weighted and can be monitored using existing reporting systems. Thus, the direct impact of individual success on payout can be easily tracked. In 2011, the global rollout started, and in 2019, approximately 1100 employees were included worldwide. Employees can participate only in one global bonus plan (G-SIP or GMBP/GEBP).

4.2. Long-Term Incentive Plans (equity-linked incentive)

Clariant offers equity-based compensation for approximately 240 senior managers worldwide (EC and ML 1 – 4).

a) The Performance Share Unit (PSU) Plan was introduced in 2013 and was last granted in 2018. Its key objective was a strong commitment to higher profitability for Clariant and therefore the achievement of strategic targets.

Clariant's Performance Share Unit Plan has a three-year vesting period. The vesting is conditional upon achievement of the performance target (check after three years). The relevant underlying Key Performance Indicator is EBITDA (before exceptional items) in percentage of sales, and the performance target is to be at or above the median of a defined peer group. If vesting and performance targets are achieved, one PSU will be converted to one Clariant share. For PSUs granted in 2016, the performance criteria were checked in summer 2019. The comparison with the peer group revealed that Clariant missed the relevant performance hurdle (the median of the group); therefore the PSUs for all participants were forfeited in September 2019.

PSU participation was limited to the Executive Committee and selected senior managers of ML 1 – 4 (approximately 1.4 % of employees). Eligible participants received a fixed number of PSUs in accordance with an underlying share price defined over a 10-day trading period.

If an employee should voluntarily leave Clariant before the vesting period (three years) expires, all rights to shares that have not yet been transferred at that point in time become invalid. In the event of retirement, disability, or death of the participant, the employee (or the estate and/or heirs of the participant in the event of death) will receive an immediate vesting on a pro-rata basis in accordance with published regulations. The vested PSUs remain subject to the performance condition and will be allocated only at the end of the vesting period.

In the event that a participant has substantially contributed to a financial loss, issues resulting in restatement of financial results, reputational damage, or substantial breach of legal or regulatory requirements, including internal policies, the Board of Directors can decide to cancel any outstanding PSUs.

b) Group Senior Management – Long-Term Incentive Plan (GSM-LTIP) = Matching Share Plan

The Matching Share Plan was started in 2010 and granted for the last time in 2018 for the annual year 2017. It required a personal investment in Clariant shares and fostered the commitment of key managers (EC and ML 1 – 3) to the long-term success of Clariant. Under this plan, senior managers had to invest 20 % of their annual cash bonus (GMBP) in Clariant shares (= investment shares). Thus, this plan supported senior managers in meeting their requirement to permanently hold a minimum of 20 000 and up to 100 000 shares, depending on their management level. New participants had six years to fulfill the required investment thresholds.

The investment shares are blocked and held in a custody account for a period of three years. At the end of the blocking period, the participant is entitled to obtain for each investment share an additional share free of charge (= matching share). This matching is subject to the condition of continued employment with Clariant throughout the blocking period. In the event of termination of employment before the end of the blocking period, the right to receive Matching Shares lapses. In the event of retirement, disability, or death, a cash amount will be paid instead, equal to the pro rata temporis portion (considering employment during the blocking period).

The senior managers who did not participate in this plan, or did not invest according to the plan regulations, would have their target cash bonus (GMBP) decreased by 50 % and would forfeit the eligibility to participate in any Long-Term Incentive Programs (including the PSU Plan) for the following bonus year.

As the CoC had decided to discontinue the Matching Share Plan, no deductions for investment shares from the actual 2018 bonus payout in 2019 were made. The bonus was fully paid in cash instead.

c) Clariant Long-Term Incentive Plan (CLIP)

After five years without any plan changes, the Compensation Committee had decided to amend the Long-Term Incentive Plans for senior management starting in 2019 to better reflect Clariant's strategic targets and to ensure a competitive remuneration package to senior managers reflecting market best practices. Based on intensive benchmarking, the new plan was designed. This revised Long-Term Incentive Plan aims to provide a closer alignment of underlying Key Performance Indicators with the shareholder perspective and to represent an attractive and competitive incentive for senior management.

The CLIP was granted for the first time in April 2019. Participation in the CLIP is limited to the Executive Committee and senior managers of ML 1 – 4 (approximately 1.4 % of employees).

The CLIP represents an equity-based award in the form of Performance Share Units with a three-year vesting period. The CLIP grant per individual is defined as a fixed percentage of the annual base salary for management levels ML 1 – 4 and as a fixed amount for EC members (→ **FIGURE 001**). Relative Total Shareholder Return (rTSR) and Economic Profit have been selected as underlying Key Performance Indicators. The number of PSUs is determined by dividing the individual grant value by the Fair Market Value of a PSU at the grant date. In accordance with the Accounting Standards Codification, the Monte Carlo valuation methodology is applied to determine the grant date Fair Market Value to measure the performance of the rTSR component. To calculate the Economic Profit component, the market value of Clariant shares at the grant date is adjusted by the present value of future dividends. The vesting is conditional upon achievement of defined performance targets. Vesting will only occur if at least a threshold performance level as defined by the Board of Directors has been achieved. Vesting can take place at any level between 0 % and 100 % of the granted PSU volume. The Key Performance Indicators will be measured independently.

At vesting, each PSU will be converted into one Clariant share. Should an employee voluntarily leave Clariant before the vesting period (three years) expires, all rights to shares that have not yet been transferred at that point in time become invalid. In the event of retirement, the employee will receive an immediate vesting on a pro-rata basis in accordance with published regulations. The vested PSUs remain subject to the performance condition and will be allocated only at the end of the vesting period. In the event of disability or death of the participant, the employee (or the estate and/or heirs of the participant in the event of death) will receive an immediate vesting on a pro-rata basis. The vested PSUs will be released form the performance condition and will be settled in cash.

In the event that a participant has substantially contributed to a financial loss, issues resulting in restatement of financial results, reputational damage, or substantial breach of legal or regulatory requirements, including internal policies, the Board of Directors can decide to cancel any outstanding PSUs.

Participation in CLIP is tied to share ownership targets that have to be achieved within 5 years:
— CEO: 150 000 shares
— EC: 80 000 shares
— ML 1 – 4: up to 30 000 shares depending on management level

d) Restricted shares for the Board of Directors

This share plan, introduced in 2012, allocates shares of Clariant Ltd to members of the Board of Directors. Board members will receive a fixed portion of the annual fee allocated in the form of shares subject to a blocking period (»Restricted Shares«). The blocking period is three years from the date they are allocated. From the first business day after the blocking period, the Board member may freely dispose of and trade these shares without any further restrictions (legal restrictions will remain applicable). The allocation is made once a year, at the end of the mandate year, four weeks prior to the Annual General Meeting (AGM).

The value of a grant is determined by the role and responsibility (see paragraph 5).

5. Structure of compensation for members of the Board of Directors

The compensation structure for members of the Board of Directors follows the compensation concept outlined in the Articles of Association (www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association) of Clariant Ltd from 1 April 2019.

According to Art. 26, remuneration of members of the Board of Directors consists of the following components:
a) Annual basic fee (Honorarium)
b) Committee membership fees
c) Share-based remuneration

The following graphs illustrate the relative structure and absolute value of the three components for 2019.

ANNUAL COMPENSATION OF THE BOARD OF DIRECTORS (STRUCTURAL OVERVIEW ONLY) in CHF

	Chairman of the Board	Vice-Chairman of the Board	Member of the Board of Directors	**Total 2019**	Total 2018
Cash compensation					
Honorarium [1]	450 000	180 000	150 000	**2 130 000**	1 406 250
Committee fee [1]	According to individual activity (see table below)			**530 000**	738 750
Social contribution					
Relevant amount	According to individual situation [2]				
Shares					
Value (at grant) [3]	300 000	120 000	100 000	**1 420 000**	1 057 083

[1] The Honorarium and fees are paid in cash in equal parts in March and September.
[2] For actual details for 2019, see table on page 9.
[3] Shares will be granted at the end of the mandate year.

The Chairman of the Board is not entitled to receive committee fees when serving as a member of a committee.

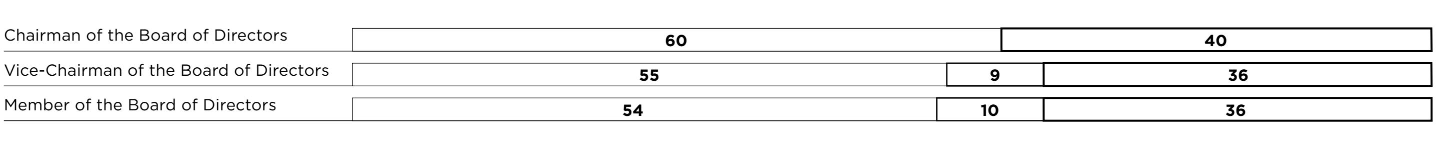
All Board of Directors members are asked to build up defined minimum shareholding requirements within three years from becoming a member and to hold them during the entire term of Board of Directors membership.

The shareholder requirements are:
— Chairman of the Board of Directors: 30 000 shares
— Vice-Chairman of the Board of Directors: 15 000 shares
— Members of the Board of Directors: 12 000 shares

COMMITTEE FEES IN CHF per mandate year

	Chair	Member
Nomination Committee	50 000	30 000
Audit Committee	80 000	40 000
Compensation Committee	50 000	30 000

005 **RELATIVE STRUCTURE OF ACTUAL TOTAL COMPENSATION 2019 (BOARD OF DIRECTORS)** in %



In order to fulfill the reporting needs outlined in the Ordinance against Excessive Compensation (OaEC), the relevant Fair Market Value (FMV) figures as earned by the Board of Directors members for the calendar year are disclosed in the following audited table.

2019 ANNUAL COMPENSATION – EMOLUMENTS TO MEMBERS OF THE BOARD OF DIRECTORS (FAIR MARKET VALUE = FMV) in CHF

	Hariolf Kottmann	Dr. Khaled Homza A. Nahas	Abdullah Mohammed Alissa	Günter von Au	Calum MacLean	Geoffrey Merszei	Eveline Saupper	Carlo G. Soave	Peter Steiner	Claudia Suessmuth Dyckerhoff	Susanne Wamsler	Konstantin Winterstein	**Totals 2019**
Cash compensation													
Honorarium	450 000	180 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	**2 130 000**
Additional compensation							79 138[1]						**79 138**
Committee fee	0	30 000	30 000	40 000	30 000	40 000	90 000	60 000	110 000	30 000	30 000	40 000	**530 000**
Social contribution													
Relevant amount	38 806	15 027	15 685	19 023	28 774	13 275	25 806	27 417[2]	0	19 173	19 699	0	**222 685**
Shares													
Fair market value (FMV)	300 000	120 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	**1 420 000**
Total 2019 (Fair market value 2019)	**788 806**	**345 027**	**295 685**	**309 023**	**308 774**	**303 275**	**444 944**	**337 417**	**360 000**	**299 173**	**299 699**	**290 000**	**4 381 823**

2018 ANNUAL COMPENSATION – EMOLUMENTS TO MEMBERS OF THE BOARD OF DIRECTORS (FAIR MARKET VALUE = FMV) in CHF

	Hariolf Kottmann[3]	Dr. Khaled Homza A. Nahas[4]	Abdullah Mohammed Alissa[4]	Günter von Au	Calum MacLean[4]	Geoffrey Merszei[4]	Eveline Saupper	Carlo G. Soave	Peter Steiner	Claudia Suessmuth Dyckerhoff	Susanne Wamsler	Konstantin Winterstein	Peter Chen	Rudolf Wehrli	**Totals 2018**
Cash compensation															
Honorarium	93 750	37 500	31 250	189 583	31 250	31 250	110 417	110 417	110 417	110 417	110 417	110 417	83 333	250 000	**1 410 418**
Committee fee	0	6 250	6 250	117 500	6 250	8 333	74 167	137 500	133 750	6 250	36 250	40 000	50 000	125 000	**747 500**
Social contribution															
Relevant amount	12 500	5 500	4 667	28 610	8 750	4 833	18 705	51 071[2]	0	13 795	15 899	0	22 840	49 391	**236 561**
Shares															
Fair market value (FMV)[5]	62 502	25 009	20 834	139 583	20 834	20 834	100 005	100 005	100 005	100 005	100 005	100 005	58 333[6]	116 667[6]	**1 064 626**
Total 2018 (Fair market value 2018)	**168 752**	**74 259**	**63 001**	**475 276**	**67 084**	**65 250**	**303 294**	**398 993**	**344 172**	**230 467**	**262 571**	**250 422**	**214 506**	**541 058**	**3 459 105**

1 Extra compensation for temporary additional role as independent Lead Director since 24 July 2019

2 Including additional compensation for project work

3 No compensation as Board of Directors member while still in the function as CEO; 2018 values only from 16 October 2018

4 Pro-rata compensation in 2018 due to election as BoD member only in October 2018

5 Correction needed due to adjustment of final share price at grant

6 Due to resignation from Board of Directors, in form of pro-rata cash payment

In both years, there were no payments to former members of the Board of Directors after the mandate year, nor were any loans or credits outstanding and/or granted.

The information about the actual share ownership of the Board of Directors is displayed in the next table.

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares granted for 2019 [1]	Number of shares granted for 2018 [2]	Number of privately held shares at 31 Dec. 2019	Number of privately held shares at 31 Dec. 2018
Hariolf Kottmann	13953	6483 (correction of 6875) [3]	430750 [4]	404267
Dr. Khaled Homza A. Nahas	5581	2594 (correction of 2750)	2594	–
Abdullah Mohammed Alissa	4651	2161 (correction of 2292)	2161	–
Günter von Au	4651	5992 (correction of 6354)	64499	58507
Calum MacLean	4651	2161 (correction of 2292)	2161	–
Geoffery Merszei	4651	2161 (correction of 2292)	2161	–
Eveline Saupper	4651	4715 (correction of 5000)	20024	15309
Carlo G. Soave	4651	4715 (correction of 5000)	40778	36063
Peter Steiner	4651	4715 (correction of 5000)	14024	9309
Claudia Suessmuth Dyckerhoff	4651	4715 (correction of 5000)	15124	10409
Susanne Wamsler	4651	4715 (correction of 5000)	1175286 [5]	976741 [5]
Konstantin Winterstein	4651	4715 (correction of 5000)	6082539	6077824
Total	**66044**	**49842 (correction of 52855)**	**7852101**	**7588429**

[1] Final number of shares for the mandate year will be defined prior to grant in 2020. Underlying assumption here is a share price of CHF 21.50.

[2] Correction needed due to adjustments of final share price at grant: Underlying assumption was CHF 20.00. Final allocation of shares with CHF 21.21; therefore, the numbers of shares differ from the overview in the Integrated Report 2018.

[3] Pro rata as of 16 October 2018 in function as Chairman of the Board of Directors

[4] Additionally 8624 shares in vesting on 31 December 2019 resulting from previous years' participation in LTI plans as CEO

[5] Thereof 240271 held by the »Honoré T. Wamsler Trust«

The compensation for members of the Board of Directors is subject to taxation and social security, depending on the individual's situation with Clariant paying the employer contributions as required. The members of the Board of Directors do not receive any lump-sum reimbursement of entertainment expenses above and beyond actual expenditure on business trips.

6. Compensation of members of the Executive Committee

The EC participates in the same compensation elements as Clariant's senior managers. Accordingly, they receive a fixed annual base salary, an annual cash bonus (GMBP), and Long-Term Incentives (CLIP) as stated in Art. 27 of the Articles of Association. The annual bonus is based on achieved results for the particular financial year, and payout is capped at 100 % of the target value. For details of the respective plans, please refer to sections 4.1.a and 4.2.c of this Compensation Report. According to Clariant's Articles of Association, the annual bonus payout and any single share grant must each not exceed 200 % of base salary for the CEO and 150 % for EC members (Art. 32; www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association).

The Compensation Committee decides on the amendment or discontinuation of the annual bonus plan and Long-Term Incentive Plans for the Executive Committee (Art. 33 – 35).

As part of the changes to Clariant's Long-Term Incentive Plans for 2019 (see 4.2.c), the CoC also decided not to grant the GSM-LTIP for 2018 for the Executive Committee. Consequently, no Investment Shares and Matching Shares were granted for 2018, and the 2018 annual bonus was fully paid in cash (payout in April 2019).

The CEO and members of the EC participate in the pension plans of the Clariant Group in Switzerland, notably the Clariant pension fund with an insured income of up to CHF 200000 per annum and the management pension fund with an insured income of up to an additional CHF 653200 per annum. The maximum insured income under the pension plans therefore stands at CHF 853200 per annum.

REMUNERATION STRUCTURE OF THE CLARIANT EXECUTIVE COMMITTEE[1] in CHF

	CEO Compensation			EC Compensation		
	2019		2018	**2019**		2018
		as % of base salary			as % of base salary	
Total annual target	**4 200 000**		**3 900 000**	**2 450 000**		**2 250 000**
Long-Term Incentives[2]	1 200 000	100	500 000[3]	750 000	83	350 000[3]
Short-Term Incentives[4]	1 800 000	150	2 200 000	800 000	89	1 000 000
Base salary	1 200 000	100	1 200 000	900 000	100	900 000

[1] Without other benefits

[2] Annual grant volume; Performance Share Units with 3-year vesting and defined performance hurdle; vesting capped at 100 % target achievement

[3] Long-Term Incentives in 2018 understated due to discontinuation of Matching Share Plan (2018: CEO LTI volume CHF 440 000 below regular target; EC member LTI volume CHF 200 000 below regular target)

[4] Target cash bonus (GMBP); annual payout capped at target level; shift of target cash bonus to Long-Term Incentive in 2019 with implementation of new LTI plan

Clariant's pension plans comply with the legal framework of the Swiss occupational pension scheme (BVG), and the maximum contribution will be dynamically aligned in accordance with Art. 79c BVG. For members of the EC and all other Clariant employees, the insured income is defined as the base salary plus 50 % of the target cash bonus. Equity-linked income components are not subject to pensionable income. Usual policies for death and disability are part of Clariant's pension plans. The total employer contribution is approximately 11 % of the insured income in the case of the Clariant pension fund and 22 % of the insured income in the case of the Clariant management pension fund. These contributions cover both the contributions to the formation of retirement capital and the risk components. Under IFRS, the Clariant pension fund is a defined benefit plan. The management pension fund provides the members with retirement capital upon retirement. Pension payments are only accepted in exceptional cases.

The following personnel changes within the Executive Committee occurred in 2019: Christian Kohlpaintner resigned and left Clariant's Executive Committee effective 30 June 2019. On 23 July 2019, the Board of Directors accepted Ernesto Occhiello's resignation as CEO with immediate effect and asked Hariolf Kottmann, Chairman of the Board of Directors of Clariant, to assume his responsibilities in the interim as Executive Chairman until a successor is found. Bernd Hoegemann was appointed member of the EC effective 1 November 2019.

In accordance with the reporting requirements outlined in the Ordinance against Excessive Compensation (OaEC), the relevant Fair Market Value (FMV) figures are shown in the following audited table.

2019 ANNUAL COMPENSATION TO MEMBERS OF THE EXECUTIVE COMMITTEE (FAIR MARKET VALUE = FMV) in CHF

	Patrick Jany[1]	Other EC members	**Totals 2019**
Base salary	900 000	2 694 594[2,3]	3 594 594
Cash bonus	440 000	1 409 607[2]	1 849 607
Share-based incentive (FMV)[4]	750 013	965 655[2]	1 715 668
Other benefits[5]	334 151	920 110[2,3]	1 254 261
Subtotal	**2 424 164**	**5 989 966**	**8 414 130**
Contractual payments to former EC members	n.a.	1 429 765[6]	1 429 765
Total	**2 424 164**	**7 419 731**	**9 843 895**

2018 ANNUAL COMPENSATION TO MEMBERS OF THE EXECUTIVE COMMITTEE (FAIR MARKET VALUE = FMV) in CHF

	Hariolf Kottmann	Other EC members	**Totals 2018**
Base salary	1 094 469	3 003 562	4 098 031
Cash bonus	1 547 932	2 991 068	4 539 000
Share-based incentive (FMV)	13 648	747 544	761 192
Other benefits[5]	574 361	1 700 566	2 274 927
Total	**3 230 410**	**8 442 740**	**11 673 150**

[1] Due to the resignation of Ernesto Occhiello, the CEO was not the highest-paid EC member in 2019.

[2] Including Bernd Hoegemann and Hans Bohnen; Christian Kohlpaintner and Ernesto Occhiello considered pro rata, based on active role as EC members in 2019

[3] Including additional compensation for Hariolf Kottmann as Executive Chairman effective 24 July 2019 (total 2019: CHF 560 111)

[4] Fair Market Value of a PSU under CLIP 2019 grant: CHF 15.91

[5] »Other benefits« include pension contributions (48 %), social security contributions (35 %), and other benefits (17 %).

[6] Contractual payments to Ernesto Occhiello and Christian Kohlpaintner, who resigned in 2019

In 2018 and 2019, no loans or credits were outstanding and/or granted to the CEO or EC members. According to Art. 30 of Clariant's Articles of Association (www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association), no loans may be granted to EC members. While in 2018 no contractual payments to leaving Executive Committee members were made, the resignation of Christian Kohlpaintner and Ernesto Occhiello resulted in contractual payments of CHF 1.4 million in 2019 following respective plan regulations.

The total compensation of the Executive Committee for 2019 amounts to CHF 9.8 million and is within the approved budget of CHF 17.2 million granted for the year 2019 at the Annual General Meeting in 2018.

According to Art. 28 of Clariant's Articles of Association (www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association), an additional amount of 50 % of the respective total remuneration approved by the Annual General Meeting can be spent in the event that new EC members are appointed after the Annual General Meeting. This flexibility was not needed in 2019.

The actual share ownership of the members of the Executive Committee is shown below. No options were held at 31 December 2018/2019.

2019 NUMBERS OF SHARES GRANTED

	Patrick Jany	Hans Bohnen	Bernd Hoegemann	Former EC members	**Total**
Number of performance share units	47 141	47 141	n.a.[1]	21 556[2]	**115 838**

[1] No grant in 2019; only became EC member after grant date

[2] Pro-rated grant for Ernesto Occhiello and Christian Kohlpaintner due to resignation

SHARES HELD BY THE MEMBERS OF THE EXECUTIVE COMMITTEE

	Number of shares granted for 2019	Number of shares granted for 2018	Number of shares within vesting period for 2019	Number of shares within vesting period for 2018	Number of privately held shares at 31 Dec. 2019	Number of privately held shares at 31 Dec. 2018
Patrick Jany	47 141	14 844	94 052	79 368	417 686	394 713
Hans Bohnen	47 141	n.a.[1]	62 259	25 084	100 625	87 247
Bernd Hoegemann	n.a.[2]	n.a.	26 758[3]	n.a.	56 899	n.a.
Former EC members[4]	21 556	15 386	n.a.	108 663	n.a.	320 853
Total	**115 838**	**30 230**	**183 069**	**213 115**	**575 210**	**802 813**

[1] No grant in 2018; only became EC member in 2018 after grant date

[2] No grant in 2019; only became EC member in 2019 after grant date

[3] Unvested shares/PSUs from participation in LTI plans in prior senior leadership roles at Clariant

[4] Former members include Ernesto Occhiello (CEO) and Christian Kohlpaintner with pro-rated grants due to resignation in 2019; 2018 values also include Hariolf Kottmann who retired as CEO in 2018; Hariolf Kottmann did not receive any shares in his role as Executive Chairman in 2019 (see Board of Directors overview).

Report of the statutory auditor

to the General Meeting of Clariant Ltd

Muttenz

We have audited the accompanying Compensation Report of Clariant Ltd for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labelled 'audited' on pages 9 and 11 of the Compensation Report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compensation Report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the tables labelled 'audited' on pages 9 and 11 of the Compensation Report of Clariant Ltd for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rolf Johner	Michael Scheibli
Audit expert Auditor in charge	Audit expert

Basel, 11 February 2020

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