



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.

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, the rules issued by the SIX Swiss Exchange and by implementing the principles of the Swiss Code of Best Practices for Corporate Governance, revised in 2014. 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

Group structure and shareholders

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« and having ISIN No. INE492A01020.

The important subsidiaries of Clariant Ltd are listed in Note 36 of the »Notes to the consolidated financial statements of the Clariant Group« (pages 220 to 222).

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.

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 2016 the following shareholders held more than 3 % of voting rights in Clariant Ltd:

Shareholders	Voting rights
Group of former shareholders of Süd-Chemie AG ¹	13.89%
Thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) ²	3.73%
APG Asset Management N.V., Amsterdam, Netherlands	5.01%
BlackRock Inc., New York	3.08%
Cymbria, Canada EdgePoint Global Portfolio, Canada EdgePoint Canadian Growth and Income Portfolio, Canada EdgePoint Canadian Portfolio, Canada EdgePoint Global Growth and Income Portfolio, Canada St. James Place Global Equity Unit Trust, UK	3.06%
Citadel Multi-Strategy Equities Sàrl Citadel Global Equities Fund Sàrl Citadel Securities (Europe) Limited	3.02%
Norges Bank (the Central Bank of Norway)	3.003%
UBS Funds Management (Switzerland) AG	3.001%

¹ The following former shareholders of Süd-Chemie AG form a group:
 Wilhelm, Dr. Winterstein, Germany
 Dolf, Dr. Stockhausen, Switzerland
 Axel, Dr. Schweighart, Germany
 Rosemarie Schweighart, Germany
 Dominique Kraus, Germany
 Karl, Dr. Wamsler, Germany
 Irene W. Banning, United States
 Susanne Wamsler-Singer, Austria
 Caroline A., Dr. Wamsler, United States
 Amelie Ratjen, Germany
 Christof Ratjen, Germany
 Christopher Weithauer, Germany
 Johanna Bechtle, Germany
 Kaspar Bechtle, Germany
 Luisa Redetzki, Germany
 Karl T. Banning, United States
 Schuyler H. Joerger, United States
 Konstantin Alfred Winterstein, Germany
 Max-Theodor, Dr. Schweighart, Germany
 Peter, Dr. Schweighart, Germany
 Moritz Ostenrieder, Germany
 Christian Ratjen, Germany
 Bettina Wamsler, Germany
 Pauline Joerger, United States
 Marianne Kunisch, Germany
 Maximilian Ratjen, Germany
 Julius Ratjen, Germany
 Elisabeth Prinzessin zu Sayn-Wittgenstein, Germany
 Georg A. Weithauer, Germany
 Charlotte Bechtle, Germany
 Clara Redetzki, Germany
 Marie Redetzki, Germany
 Sophia P. Joerger, United States

² According to a disclosure notification published on 18 January 2013, a group consisting of Konstantin Winterstein, 80333 München, Germany and Elisabeth Prinzessin zu Sayn-Wittgenstein, 80333 München, Germany holds 3.73% partially through Blue Beteiligungsgesellschaft mbH, Grossdingharting (Germany) and partially through Maple Beteiligungsgesellschaft mbH, Grossdingharting (Germany). The 3.73% held by this group are included in the 13.89% mentioned under footnote 1, but build a separate sub-group.

Disclosure notifications during the financial year 2016 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

As of 31 December 2016, former shareholders of Süd-Chemie AG, who had exchanged their shares against Clariant shares in April 2011, held a total of 13.89% of the share capital of Clariant Ltd. These shareholders are related to each other for family or other reasons (especially the Wamsler, Winterstein, Schweighart and Stockhausen families).

At 31 December 2016, Clariant AG itself held 7 887 728 shares in treasury, corresponding to 2.38% of the share capital.

Cross-shareholdings

There are no cross-shareholdings.

Capital structure

Capital

As of 31 December 2016, 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 are listed on the SIX Swiss Exchange since 1995 (symbol: CLN, ISIN CH0012142631). Clariant Ltd does not issue non-voting equity securities (Genussscheine or Partizipations-scheine). Based on the closing price of the Clariant share of CHF 17.57 on 31 December 2016, the company's market capitalization at year-end amounted to CHF 5.8 billion.

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.

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

Distribution of capital reserves

In the 2016 calendar year, a distribution of CHF 0.40 per share from capital reserves was decided by the Annual General Meeting. The total amount of CHF 129 499 863.20 was paid out on 28 April 2016. A table with additional information on the distribution of capital reserves can be found on page 188 (Note 16) of this Integrated Report.

Transferability of shares

The transfer of registered shares requires the approval of the Board of Directors that 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.

Nominee registrations and voting rights

Each registered share entitles the holder to one vote at the Annual General Meeting. Special rules according to Article 6 of the Articles of Association apply to nominees who fail to disclose the identity of the persons they represent and whose shareholding exceeds 2%.

Options

The Clariant option program for employees was terminated in 2013. Details of the option program can be found on page 215 (Note 31, »Employee Participation Plans«) of this Integrated Report.

Further information on the Clariant share can be found on page 117 of this Integrated Report.

The Board of Directors

The Board of Directors of Clariant Ltd comprises at least six and no more than twelve members pursuant to the Articles of Association of Clariant Ltd.

All members of the Board of Directors (except for the CEO Hariolf Kottmann) are considered to be independent in accordance with international best-practice standards, and 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.

Members of the Board of Directors

Rudolf Wehrli, Swiss citizen

Function at Clariant: Chairman, non-executive member of the Board of Directors
Born: 1949
Year of first election: 2007

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:
Mandates according to Article 38 para 1 lit. a) Berner Kantonalbank (until May 2016).

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

Günter von Au, German citizen

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

Born: 1951

Year of first election: 2011¹

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:

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

Mandates according to Article 38 para 1 lit. b) four: Member of the Supervisory Board of Bayernwerk AG, Regensburg; Member of the Advisory Committee of Gebr. Röchling KG, Mannheim; Member of the Advisory Board of Tyczka GmbH, Geretsried; Chairman of the Board of CeramTec GmbH, Plochingen.

Mandates according to Article 38 para 1 lit. c) two: Chairman of the Board of Directors of the Bavarian Chemical Industry Association, Munich; Vice President of the German Institute of Economic Research, Cologne.

Peter Chen, US and Swiss citizen

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

Born: 1960

Year of first election: 2006

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:

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).

¹ Election was conditional to the termination of Günter von Au's position as the CEO of the Management Board of Süd-Chemie AG which took place 31 March 2012.

Peter R. Isler, Swiss citizen

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

Born: 1946

Year of first election: 2004

Board member until 21st Annual General Meeting (21 April 2016)

Professional career: Peter R. Isler studied Law at the University of Zurich, completing his studies with a doctorate. He then attended a master's program for a LL.M. at Harvard Law School. From 1974 onward he worked for two Swiss law firms and in 1981 became a partner at the Zurich law firm Niederer Kraft & Frey AG. He has been a lecturer in Corporate and Commercial Law at the University of Zurich since 1978 and a member of the Anwaltsprüfungskommission (Bar Examination Commission) of the canton of Zurich since 1984.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:

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

Mandates according to Article 38 para 1 lit. b) Schulthess Group AG, Switzerland.

Mandates according to Article 38 para 1 lit. c) nine (including Member of the Board of Trustees of the University of Zurich Foundation).

Hariolf Kottmann, German citizen

Function at Clariant: Chief Executive Officer (CEO) and executive member of the Board of Directors

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.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:

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

Mandates according to Article 38 para 1 lit. b) 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; Member 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.

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 is Of Counsel at the law firm Homburger AG, Zurich, Switzerland, where she was a partner until 2014. 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 is admitted to the Bar of 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:

Mandates according to Article 38 para 1 lit. a) three: Syngenta AG, Switzerland; 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; Interhoval AG, Switzerland.

Mandates according to Article 38 para 1 lit. c) two: hkp group AG, Switzerland; Mentex Holding AG, Switzerland.

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:

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

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

Mandates according to Article 38 para 1 lit. c) two: Melior Innovations, Inc., United States; Managing Director of Soave & Associates, Belgium.

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 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:

Mandates according to Article 38 para 1 lit. a) one: Zeal Network SE, Great Britain.

Mandates according to Article 38 para 1 lit. b) two: Xella International S.A., Germany; Fixit Trockenmörtel Holding AG, Switzerland.

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

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 a 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 leading 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:

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

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

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

Susanne Wamsler, US citizen

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

Born: 1961

Year of first election: 2015

Professional career: Ms. 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 the 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. In addition, she completed various professional education courses between 2012 and 2014, receiving certificates in board membership training from the University of St. Gallen, Switzerland, the Centrum für Strategie und Höhere Führung, Cologne, Germany, and INSEAD, Fontainebleau, France.

Susanne Wamsler was a member of the Supervisory Board of the Stiftung Haus der Kunst gemGmbH, Munich, Germany, until 30 June 2015.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association: none

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 managing director of Ringmetall AG in Munich. 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: none.

Cross-involvement

There are no cross-involvements.

Elections

The Board of Directors will stand for election or reelection 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.

Internal organizational structure

The Board of Directors and its committees

The Board of Directors consists of the Chairman, one or more Vice Chairpersons, and the other members. With the exception of Mr. Günter von Au, who was Chairman of the Board of Directors at Süd-Chemie AG until 31 March 2012, no non-executive member of the Board of Directors held a senior management position at Clariant Ltd or any current or former Clariant Group company be-

tween 2011 and 2016 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:

- Chairman's Committee
- Compensation Committee
- Audit Committee
- Technology and Innovation Committee

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

BOARD OF DIRECTORS - COMMITTEE RESPONSIBILITIES AND MEETINGS

Member of the Board of Directors	Chairman's Committee	Audit Committee	Compensation Committee	Technology and Innovation Committee
Number of meetings in 2016	3	¹ 7	¹ 3	¹ 4
Rudolf Wehrli	■ since 2012	3	■ since 2008	3
Günter von Au	■ since 2012	3 ■ since 2015	7	■ since 2012
Peter Chen				■ since 2006
Peter Isler		■ since 2012 until 21 April 2016	3 ■ since 2015 until 21 April 2016	1
Hariolf Kottmann				
Eveline Saupper		■ since 2016	4 ■ since 2016	2
Carlo G. Soave	■ since 2012	3	■ since 2012 ■ since 2015	3 ■ since 2008
Peter Steiner	■ since 2016	2 ■ since 2016	4	
Claudia Suessmuth Dyckerhoff				
Susanne Wamsler				■ since 2015
Konstantin Winterstein		■ since 2012 until 21 April 2016	3	

■ Chairman

■ Member

¹ = Number of meetings attended in 2016

Clariant's website (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 **Chairman's Committee** (CC) comprises the Chairman, the Vice Chairman, and two other members of the Board of Directors. The CC prepares the meetings of the Board of Directors. The CC meets as needed. It makes decisions on financial and other matters delegated by the Board of Directors in accordance with the Bylaws of the Board of Directors. In addition, the CC passes resolutions for which the Board of Directors is responsible when matters cannot be postponed. The CC draws up principles for the selection of candidates for election and reelection to the Board of Directors and for the office of CEO, and prepares the corresponding recommendations. Furthermore, the CC considers and submits to the Board of Directors the CEO's proposals concerning candidates for Executive Committee positions.

www.clariant.com/committees

The **Compensation Committee** (CoC) comprises three members of the Board of Directors as elected by the Annual 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 Stock Listed Corporations.

www.clariant.com/committees

The **Audit Committee** (AC) comprises three members of the Board of Directors. The Chairman must be an independent, non-executive member 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

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, as well as submitting appropriate recommendations to the Board of Directors.

www.clariant.com/committees

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/corporate-governance) 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), determining the items on the agenda and the proposals to be made to the AGM.

Working methods

In 2016 the Board of Directors held six meetings in person (of which one meeting lasted for two days) at the Corporate Center in Pratteln or at other locations, mainly in Switzerland, and also five meetings by phone. All eleven board meetings were attended by ten board members (except for the meetings of 27 January and 21 June that were attended by nine board members). The company's strategy is reviewed and further developed once a year during a two-day meeting. Members of the Executive Committee are invited to attend the meetings of the Board of Directors. For the September and October meetings the Board of Directors met in Munich, Germany, and Louisville, USA, respectively. 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 2016	11
Board of Directors	
Rudolf Wehrli	11
Günter von Au	11
Peter Chen	11
Peter R. Isler	2
Hariolf Kottmann	11
Eveline Saupper	8
Carlo G. Soave	11
Peter Steiner	8
Claudia Suessmuth Dyckerhoff	8
Susanne Wamsler	10
Konstantin Winterstein	11

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 Chairman's 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 Executive Committee is supported by the Corporate Center that defines Group-wide policies and guidelines. Whilst 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 Mas-

terbatches, 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.

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:

- 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 Chairman's 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.

Board committees

The Chairman's 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 – COMMITTEES

	Number of meetings	Duration in h	Invited CEO/CFO	Other attendees
Board of Directors	11	6-8 ¹	Yes	Executive Committee
Chairman's Committee	3	2-3	Yes	
Audit Committee	7	3-4	CFO	Auditors; Risk Management; Corporate Auditing; General Counsel and Group Compliance Officer in most meetings
Compensation Committee	3	2	Yes	CEO; Head of Group Human Resources
Technology and Innovation Committee	4	3-4	CEO	Head of Group Technology & Innovation; Executive Committee

¹ Per meeting day

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. Detailed information on Clariant's risk management system can be found on page 136 and 137 of this report.

The members of the Executive Committee and their responsibilities until 31 December 2016

HAROLF KOTTMANN, CEO

Responsibilities: Corporate Planning & Strategy, Corporate Sustainability & Regulatory Affairs, Group Communications, Group Human Resources, Investor Relations, Group Legal, and Clariant Excellence with a focus on People Excellence



BRITTA FUENFSTUECK

Responsibilities: Business Units Industrial & Consumer Specialties and Oil & Mining Services, Group IT, Group Procurement, Commercial Excellence, and the regions Latin America and North America



PATRICK JANY, CFO

Responsibilities: Business Units Masterbatches and Functional Minerals, Corporate Accounting, Corporate Auditing, Corporate Controlling, Corporate Tax, Corporate Treasury, Mergers & Acquisitions, Group Compliance, Global Business Services, Operational Excellence, Supply Chain Excellence, and the regions Europe and Middle East & Africa



CHRISTIAN KOHLPAINNER

Responsibilities: Business Units Additives, Catalysts and Pigments, Group Technology & Innovation, Innovation Excellence, and the regions Greater China, India, Japan, and South East Asia & Pacific



Group management

The Executive Committee

The Executive Committee 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.

Members of the Executive Committee

At the end of 2016, the Executive Committee comprised the following members:

Hariolf Kottmann, German citizen

Chief Executive Officer (CEO)

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 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.

Britta Fuenfstueck, Austrian citizen

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 & 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 Siemens Healthcare division. Since 1 April 2016, she has been member of the Executive Committee of Clariant.

Patrick Jany, German citizen

Chief Financial Officer (CFO)

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.

Christian Kohlpaintner, German citizen

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.

Other activities and functions

The members of the Executive Committee neither undertake other activities, nor hold consultancy functions or other offices, except for Hariolf Kottmann, who is a member of the Board of Directors of Clariant Ltd and whose other activities can be found on page 117, and of 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, and member of the Board of Trustees of the scientific journal »Angewandte Chemie«, Weinheim, Germany.

Management contracts with third parties

There are no management contracts with third parties.

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.

Compensation, shareholdings and loans

Please refer to the Compensation Report, beginning on page 138 and Note 14 (pages 236 and 237) to the Financial Statements of Clariant Ltd.

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, beginning on page 138.

Shareholders' participation rights

Subject to Article 6 paragraph 2 of the 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.

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.

Statutory quorums

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

Convocation of the Annual General Meeting

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

Proposal of agenda items for the 2018 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 23rd Annual General Meeting on 19 March 2018. Items to be included on the agenda – with regard to the 2017 financial year – must be submitted no later than 31 January 2018. 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.

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 financial year 2017, this applies as of Wednesday, 14 March 2018. Shareholders who have been entered into the share register by Tuesday, 13 March 2018, may exercise their right to vote at the Annual General Meeting on 19 March 2018. There are no voting rights restrictions except those mentioned above.

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): PSU invested 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 terminate on the date of the change of control and entitles to receive Matching Shares on a pro rata basis;

c) those set forth in paragraph 4.8 of the Clariant Stock Option Plan (see remarks in Notes to the consolidated financial statements, Note 31 »Employee Participation Plans«, page 215 of the Integrated Report). This authorizes the Board of Directors, at its discretion, to transfer granted options early to participating staff (»accelerated vesting«) or enable the early exercise of the options (»accelerated exercise«) in the case of a change of control.

Information policy

Notices are published, in accordance with Article 42 of the 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 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). All information pertaining to investor updates, and presentations at analyst and investor conferences can be obtained online (www.clariant.com) or from the following contact address:

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

The results for the 2017 financial year will be published as follows:

- Interim Report on the first quarter 27 April 2017
- Interim Report on the first half 27 July 2017
- Interim Report on the nine months 31 October 2017
- Full-Year Results 14 February 2018

The Annual General Meeting for the 2017 financial year will take place on the following date:

19 March 2018

Weblinks:

Clariant website:
www.clariant.com

E-mail distribution list (push system):
www.clariant.com/SubscriptionForm

Adhoc messages (pull system):
www.clariant.com/AdHocNews

Financial reports:
www.clariant.com/Publications

Corporate calendar:
www.clariant.com/UpcomingEvents

Auditors

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.

Auditing fees

PricewaterhouseCoopers received a fee of CHF 5.8 million for auditing the 2016 financial statements (2015: CHF 4.9 million).

Additional fees

PricewaterhouseCoopers received a total fee of CHF 1.8 million for additional services (2015: CHF 2.0 million). These services comprise audit-related services of CHF 0.2 million, consulting services of CHF 0.1 million and tax services of CHF 1.5 million.

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 General Meeting for reelection. 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, Cor-

porate Auditing, and management. In 2016, 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 0.2 million. 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.

Enterprise risk management (ERM)

Under the Enterprise Risk Management Policy, based on the risk management standard of the Institute of Risk Managers, a tool is used to prepare risk assessments every year by Business Units, Service Units and Regions by assessing threats and opportunities that will impact the objectives set for Clariant overall. These objectives are a result of the overall strategy of the company as set by the Board of Directors and implemented by the Executive Committee.

The Executive Committee is responsible for monitoring the risk management assessments for relevance and consistency.

Objective setting is finalized during the last quarter of the year. These objectives, considering the threats and opportunities, are subject to scrutiny by the Executive Committee during meetings with each Business Unit. Also reviewed and discussed are the measures proposed to maximize opportunities and reduce or contain threats. In that context, mitigation measures are defined and responsibilities are assigned.

The Group, the Business Units and the Regions are also required to make risk assessments on the same criteria. 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 an assessment of the financial, operational and reputational impact and the likelihood 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.

Once threats and opportunities have been identified and assessed, a qualified individual takes over responsibility for effective risk management. The nature of the risk classification requires different skills to be applied to risk management. The assessments are shared between the stakeholders on a regular basis.

A consolidated risk assessment is presented to the Executive Committee, the Audit Committee, and the Board of Directors. 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 senior managers of Clariant.

To support functional responsibility, certain functions have access to risk assessments to support them in their roles. Examples are Environmental Safety & Health Affairs (ESHA) to identify key sites for their property risk survey program, Internal Audit, and Group Procurement.

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). Corporate Product Stewardship is responsible to manage this task. Specific matters are delegated to Legal, ESHA and Logistics functions.

Sites and Locations: This includes manufacturing plants and equipment that are important for the production of Clariant products for sale to customers. Also addressed are country and culture issues that could create threats and opportunities to business objectives. The objective is to maintain high quality production facilities. Risk management is delegated to ESHA and Regional Services.

Economic Development: The achievement of corporate targets depends on the economic development. Economic development is therefore continuously monitored in all markets. Should a market not develop in line with expectations, the organization will be adjusted accordingly.