CLARIANT

Compensation Report 2018

what is precious to you?

Index

Compensation Report

Clariant's compensation philosophy 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; accordingly, some information given in Note 14, pages 80 to 81, of the Financial Report 2018 is repeated here.

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

During the 2018 reporting year, the Compensation Committee (CoC) comprised three non-executive members of the Board of Directors until 16 October 2018: Carlo G. Soave (Chairman), Rudolf Wehrli, and Eveline Saupper. Following the Extraordinary General Meeting on and effective as of 16 October 2018, the CoC comprised five non-executive board members: Eveline Saupper (Chairwoman), Carlo G. Soave, Claudia Suessmuth Dyckerhoff, Susanne Wamsler, and Abdullah Mohammed Alissa. The Chairman of the Board is a regular guest in the Compensation Committee.

Since 16 October 2018, the Corporate Secretary has acted as Secretary to the CoC. Previously, this role was held by the Head of Corporate Human Resources (HR), who is now 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 which would oblige him to abstain.

The CoC establishes principles for the compensation of members of the Board of Directors and the Executive Committee and submits these to the Board of Directors for approval. The Committee proposes to the Board of Directors – subject to the approval of the total compensation by the Annual General Meeting (AGM) – the individual compensation for board members, for the CEO and members of the Executive Committee (EC). The Committee also takes note of employment contracts for the Heads of Global Functions, Global Business Units, and Region Heads, including their respective compensation. All appointments and dismissals that are within the purview of the Board of Directors are submitted in advance to the CoC, which, with regard to compensation aspects, makes a recommendation to the Board of Directors.

The CoC reviews global Short-Term and Long-Term Incentive Plans and makes recommendations to the Board of Directors. Furthermore, the Committee reviews fringe benefit regulations, dismissal regulations, and contractual severance compensation with the CEO, members of the EC, Heads of Global Functions, Global Business Units and Region Heads (always in accordance with the Ordinance against Excessive Compensation in Stock-Listed Corporations, OaEC).

The responsibilities of the Compensation Committee are documented in the Articles of Association (Art. 24 ss; www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association) of Clariant Ltd.

As a rule, the CoC holds at least three meetings per year:
a) Winter: Discussion regarding the executive bonus plan allocation, determination of bonus payments for members of the EC
b) Summer: Fundamental matters concerning the Group's HR priorities
c) Autumn: Preparation of the Compensation Report and planning of compensation changes in the following year.

The CoC also meets as needed. In 2018, 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 world, Clariant's compensation policy is based on the following main principles:

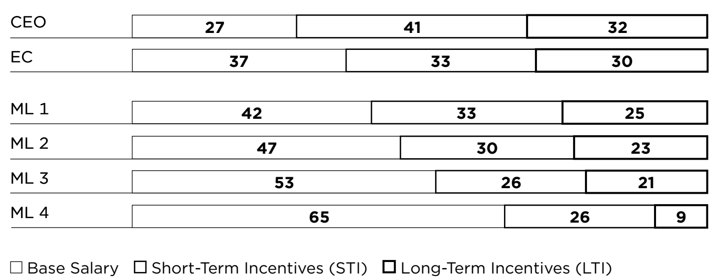
— Alignment with Business Strategy: Remuneration components are designed to support the Clariant Business Strategy.
— Competitiveness: Clariant is conducting regular benchmarking studies to ensure compensation levels are adequate and in line with market practices.
— Compliance: Clariant's compensation practices always follow local regulations such as laws and collective union agreements.
— Internal Fairness: In order to ensure consistently fair treatment of employees working for Clariant, compensation guidelines and work instructions are in place.
— Performance-based Pay: Clariant's remuneration components aim to incentivize business and individual performance.
— Transparency: Remuneration components must be clear and transparent in order to be understood and appreciated.

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 – which have been approved in the AGM 2014 – 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 compensation 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 annual salary reviews. 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 includes 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



ML: Management Level

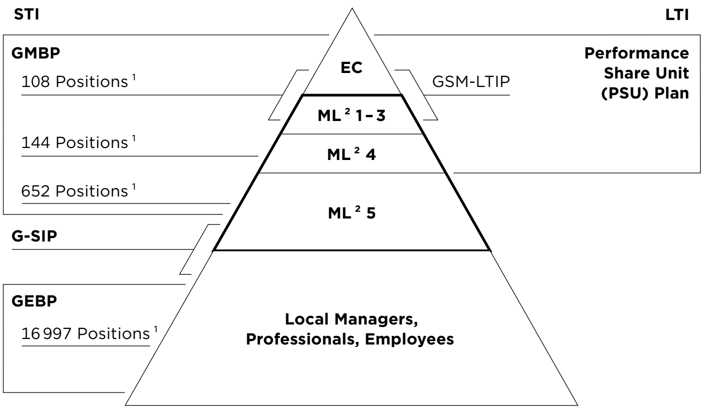
4. Overview of existing Incentive Plans

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.

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

002 **CLARIANT INCENTIVE SCHEME LANDSCAPE**

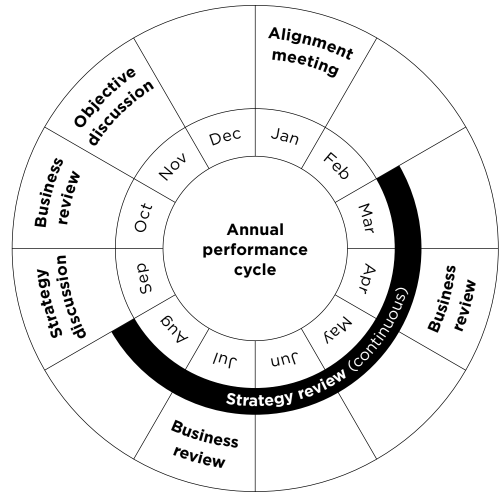


[1] Number of positions as of 31 December 2018
[2] ML: Management Level

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

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 and Service Unit (BU/SU).

The individual amount of bonus payments generated in a year is determined by the achieved result of the Clariant Group measured against clear objectives. The achievement is calculated by means of three elements: financial result of the Group; financial results of Business and Service Units; 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). These target settings were defined in the fourth quarter of 2017. As outlined in the compensation concept, Clariant aims for a more aggressive pay-mix than the norm in international markets; thus, this 100-percent approach ensures competitive positioning compared with other companies.

004 **GROUP MANAGEMENT BONUS PLAN (GMBP) 2018 – THREE PILLARS TO BALANCE THE BONUS PLAN**

Group Performance Indicators

Group Achievement How do we as a company perform against our targets?	**Business/Service Achievement** What are the business results/ contributions of my unit?			**TOP Priorities** Have we acted while focused and aligned with our unit priorities?
All BUs and SUs	CC/Cat./NR/ Add	MB/PI	SUs	All BUs and SUs
ROIC (a.e.i.)	EBITDA (b.e.i.) ROS %	EBITDA (b.e.i.) in CHF	Costs	1) Inventory Excellence (quarterly inventory targets in % of annualized quarterly sales) 2) CLN-X Benefits 3) Innovation Sales 4) Lost Time Accident Rate
Operating Cash Flow (a.e.i.)	BU Cash Flow (a.e.i.)	BU Cash Flow (a.e.i.)		
	LC Growth %	LC Growth %		

Target Set (weighting)

Group Achievement How do we as a company perform against our targets?	**Business/Service Achievement** What are the business results/ contributions of my unit?			**TOP Priorities** Have we acted while focused and aligned with our unit priorities?
All BUs and SUs	CC/Cat./NR	P&C	SUs	All BUs and SUs
EC:				
ROIC (a.e.i.): 40 %				20 %
Operating Cash Flow (a.e.i.): 40 %				
BUs:				
ROIC (a.e.i.): 5 %	EBITDA (b.e.i.) ROS %: 20 %	EBITDA (b.e.i.) in CHF: 10 %		20 %
Operating Cash Flow (a.e.i.): 5 %	BU Cash Flow (a.e.i.): 30 %	BU Cash Flow (a.e.i.): 50 %		
	LC Growth: 20 %	LC Growth: 10 %		
SUs:				
ROIC (a.e.i.): 5 %			SU Costs: 70 %	20 %
Operating Cash Flow (a.e.i.): 5 %				

Achievements & Payouts

Group Achievement How do we as a company perform against our targets?	**Business/Service Achievement** What are the business results/ contributions of my unit?			**TOP Priorities** Have we acted while focused and aligned with our unit priorities?
All BUs and SUs	CC/Cat./NR	P&C	SUs	All BUs and SUs
94 %	**51 – 100 %**			**75 – 100 %**

The corresponding bonus payouts range between **42.3 – 98.7 % (EC = 85.0 %)**

Legend:

Add = Additives
a.e.i. = after exceptional items
b.e.i. = before exceptional items
BU = Business Unit
Cat. = Catalysis
CC = Care Chemicals
CLN-X = Clariant Excellence
EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization
EC = Executive Committee
LC = Local currency
MB = Masterbatches
NR = Natural Resources
PI = Pigments
P&C = Plastics & Coatings
ROIC = Return On Invested Capital
ROS % = Return On Sales in %
SU = Service Unit

The annual evaluation of the achievement of objectives and allocation of funds for the GMBP is conducted by the CoC in February, following the financial year in question, 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.

b) Cash bonus for non-management-levels: The **Group Employee Bonus Plan (GEBP)** represents an 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. Some countries in Asia reward part of the GEBP for blue-collar employees in form of a local productivity scheme to improve site/plant performance. Since 2017, employees in the Clariant Shared Service Centers in Poland and Mumbai have received 50 % of their GEBP in form of a »Global Business Services – Shared Service Center Bonus Plan (GBS-SSC)« to offer a competitive incentive focused on quality and productivity.

c) 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 2018, approximately 1 100 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 250 senior managers worldwide (EC and ML 1 – 4).

a) The **Performance Share Unit (PSU)** Plan was introduced in 2013. Its key objective is 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 2015, the performance criteria were checked in summer 2018. The comparison with the peer group revealed that Clariant missed the relevant performance hurdle (the median of the group) and therefore the PSUs for all participants were forfeited in September 2018.

PSU participation is limited to the Executive Committee and selected senior managers of ML 1 – 4 (approximately 1.4 % of employees). Eligible participants will receive a fixed number of PSUs in accordance with an underlying share price defined over a 10-day trading period. Eligibility and endowment will be reviewed each year that the scheme is in operation. For 2018, the Board of Directors had approved to grant PSUs again. The grant took place on 19 September 2018 with an underlying share price of CHF 23.58.

If an employee should voluntarily leave Clariant before the vesting period (three years) expires, all rights to shares which have not yet been transferred at that point in time become invalid. In case of retirement, disability, or death of the participant, the employee (or the estate and/or heirs of the participant in case 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.

LIST OF RELEVANT PEERS 2018

Akzo	EMS	Mitsubishi Chem
Albemarle	Evonik	Mitsui Chem
Altana	Ferro	Omnova
Arkema	H&R	Polyone
Ashland	HB Fuller	PPG
Baker Hughes	Honeywell	RPM International
BASF	Huntsman	Schulman
Borealis	Innospec	Sherwin Williams
Braskem	ICL	Shin Etsu Chem
Cabot	Jiangsu Yoke	Solvay
Celanese	Johnson Matthey	Symrise
Covestro	Kemira	Teijin Limited
Croda	Kraton	Toray Industries
DIC Corp	Lanxess	Umicore
DowDupont	LG Chemicals	Wacker
DSM	Lonza	West Lake Chem
Eastman	Lyondell Basell	WR Grace

In case 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.

After 5 years without any plan changes, the Compensation Committee has decided to amend the PSU Plan for senior management starting in 2019. Based on intensive benchmarking, this revised Long-Term Incentive aims to provide a closer alignment of underlying Key Performance Indicators with the market perspective and to represent an attractive and competitive incentive for senior management (see also 4.2. c).

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

The Matching Share Plan requires a personal investment in Clariant shares and fosters the commitment of key managers (approximately 108 positions; EC and ML 1 – 3) to the long-term success of Clariant. Under this plan, key managers have to invest 20 % of their annual cash bonus (GMBP) in Clariant shares (= investment shares). Thus, this plan supports 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 will have six years to fulfill the required investment thresholds.

The investment shares will be 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 case of termination of employment before the end of the blocking period, the right to receive Matching Shares lapses. In case 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 do not participate in this plan, or do not invest according to the plan regulations, will have their target cash bonus (GMBP) decreased by 50 % and forfeit the eligibility to participate in any Long-Term Incentive Programs (including the PSU Plan) for the following bonus year.

The CoC has decided to revise Clariant's Long-Term Incentive Plans for 2019 to better reflect Clariant's strategic targets and to ensure a competitive remuneration package to senior managers reflecting market best practices. The Matching Share Plan will therefore be discontinued and will not be granted for 2018. Consequently, no deduction for investment shares from the actual 2018 bonus payout in 2019 will be made and the bonus will be fully paid in cash instead. The STI weighting within total remuneration for 2018 has therefore as an exception been higher than regular → **FIGURE 001**.

c) New Long-Term Incentive Plan

The new LTIP will be initiated in 2019; it will have a three-year vesting period and will represent an equity-based award in the form of Performance Share Units. Vesting will be conditional upon achievement of performance targets. Relative Total Shareholder Return and Economic Profit have been selected as underlying Key Performance Indicators. Vesting will occur only if at least a threshold performance level as defined by the Board of Directors has been achieved and can take place at any level between 0 % and 100 % of the granted PSU volume. At vesting, each PSU will be converted into one Clariant share.

Participation in the new Long-Term Incentive Plan will be limited to the Executive Committee and selected senior managers of ML 1 – 4 (approximately 1.4 % of employees).

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.

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 24 March 2014, or 16 October 2018 for the performance year 2018.

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

Effective 16 October 2018, the Board of Directors approved amended compensation levels. The following graphs illustrate the relative structure and absolute value of the three components for 2018.

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 2018**	Total 2017
Cash compensation					
Honorarium [1] (until 15 October/effective 16 October)	300 000/450 000	200 000/180 000	100 000/150 000	**1 406 250**	1 200 000
Committee fee [1]	According to individual activity (see table below)			**738 750**	770 000
Social contribution					
Relevant amount	According to individual situation [2]				
Shares					
Value (at grant) [3] (until 15 October/effective 16 October)	200 000/300 000	150 000/120 000	100 000/100 000	**1 057 083**	1 050 000

[1] The Honorarium and fees are paid in cash in equal parts in March and September.
[2] For actual details for 2018, see table on page 10.
[3] Shares will be granted at the end of the mandate year.

According to the amended compensation regulation, the Chairman of the Board is no longer entitled to receive committee fees when serving as a member of a committee. Furthermore, 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 FEE (UNTIL 15 OCTOBER 2018)

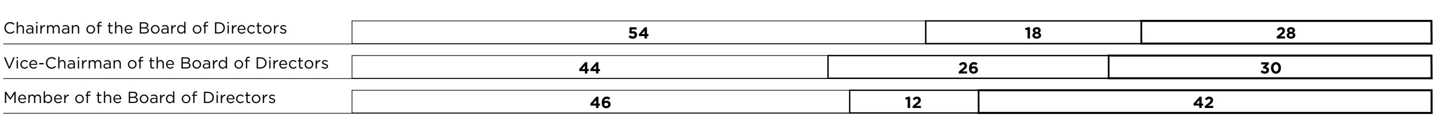
	Chair	Member
Chairman's Committee	120 000	60 000
Audit Committee	80 000	40 000
Compensation Committee	60 000	30 000
Technology & Innovation Committee [1]	60 000	30 000

COMMITTEE FEE (EFFECTIVE 16 OCTOBER 2018)

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

[1] The Technology & Innovation Committee will be discontinued effective 1 January 2019. Fees will be granted until 31 December 2018.

005 **RELATIVE STRUCTURE OF ACTUAL TOTAL COMPENSATION 2018 (BOARD OF DIRECTORS)** in % of total compensation



☐ Honorarium ☐ Committee fee: Activity-based (assumption for members is minimum = CHF 30 000) ☐ Shares (value at grant)
(Pro-rata consideration of old and new compensation levels).

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.

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

	Rudolf Wehrli	Günter von Au	Peter Chen	Hariolf Kott-mann [1]	Eveline Saupper	Carlo G. Soave	Peter Steiner	Claudia Suess-muth Dycker-hoff	Susanne Wamsler	Kon-stantin Winter-stein	Abdullah Moham-med Alissa	Calum MacLean	Geoffrey Merszei	Dr. Khaled Homza A. Nahas	**Totals 2018**
Cash compensation															
Honorarium	250 000	189 583	83 333	93 750	110 417	110 417	110 417	110 417	110 417	110 417	31 250	31 250	31 250	37 500	**1 410 417**
Committee fee	125 000	117 500	50 000	0	74 167	137 500	133 750	6 250	36 250	40 000	6 250	6 250	8 333	6 250	**747 500**
Social contribution															
Relevant amount	49 391	28 610	22 840	12 500	18 705	51 071 [2]	0	13 795	15 899	0	4 667	8 750	4 833	5 500	**236 561**
Shares															
Fair market value (FMV)	116 667 [3]	139 583	58 333 [3]	62 500	100 000	100 000	100 000	100 000	100 000	100 000	20 833	20 833	20 833	25 000	**1 064 583**
Total 2018 (Fair market value 2018)	**541 058**	**475 277**	**214 507**	**168 750**	**303 288**	**398 988**	**344 167**	**230 462**	**262 566**	**250 417**	**63 000**	**67 083**	**65 250**	**74 250**	**3 459 060**

2017 ANNUAL COMPENSATION – EMOLUMENTS TO MEMBERS OF THE BOARD OF DIRECTORS (FAIR MARKET VALUE = FMV) in CHF

	Rudolf Wehrli	Günter von Au	Peter Chen	Hariolf Kott-mann [1]	Eveline Saupper	Carlo G. Soave	Peter Steiner	Claudia Suess-muth Dycker-hoff	Susanne Wamsler	Kon-stantin Winter-stein					**Totals 2017**
Cash compensation															
Honorarium	300 000	200 000	100 000	0	100 000	100 000	100 000	100 000	100 000	100 000					**1 200 000**
Committee fee	150 000	130 000	60 000	0	70 000	150 000	140 000	0	30 000	30 000					**760 000**
Social contribution															
Relevant amount	39 164	28 610	18 004	0	18 705	32 344 [2]	23 616	13 795	15 899	0					**190 137**
Shares															
Fair market value (FMV) [4]	200 022	150 004	100 011	0	100 011	100 011	100 011	100 011	100 011	100 011					**1 050 103**
Total 2017 (Fair market value 2017) [4]	**689 186**	**508 614**	**278 015**	**0**	**288 716**	**382 355**	**363 627**	**213 806**	**245 910**	**230 011**					**3 200 240**

[1] No compensation as Board of Directors member while still in the function of CEO; 2018 values from 16 October 2018.

[2] Including additional compensation for project work.

[3] Due to resignation from the Board of Directors, in form of pro-rata cash payment.

[4] Correction needed due to adjustments of final share price at grant.

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 on the next page.

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares granted for 2018 [1]	Number of shares granted for 2017 [2]	Number of privately held shares at 31 Dec. 2018	Number of privately held shares at 31 Dec. 2017
Hariolf Kottmann	6 875 [3]	– [4]	404 267 [5]	– [6]
Günter von Au	6 354	5 962 (correction of 6 000)	58 507	52 212
Eveline Saupper	5 000	3 975 (correction of 4 000)	15 309	11 334
Carlo G. Soave	5 000	3 975 (correction of 4 000)	36 063	32 088
Peter Steiner	5 000	3 975 (correction of 4 000)	9 309	5 334
Claudia Suessmuth Dyckerhoff	5 000	3 975 (correction of 4 000)	10 409	6 434
Susanne Wamsler	5 000	3 975 (correction of 4 000)	976 741 [7]	969 516 [7]
Konstantin Winterstein	5 000	3 975 (correction of 4 000)	6 077 824	6 019 849
Abdullah Mohammed Alissa	2 292	–	–	–
Calum MacLean	2 292	–	–	–
Geoffery Merszei	2 292	–	–	–
Dr. Khaled Homza A. Nahas	2 750	–	–	–
former Board of Directors Members [8]	–	11 925 (correction of 12 000)	–	107 414
Total	**52 855**	**41 737 (correction of 42 000)**	**7 588 429**	**7 204 181**

1 Final number of shares for the mandate year will be defined prior to grant in 2019. Underlying assumption here is a share price of CHF 20.00.

2 Correction needed due to adjustments of final share price at grant: Underlying assumption was CHF 25.00.
Final allocation of shares with CHF 25.16; therefore, the numbers of shares differ from the overview in the Integrated Report 2017.

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

4 No shares granted in role as Board of Directors member for 2017.

5 This amount includes corrections from non-transaction-related internal calculation errors in previous years. Additional 29 295 PSUs still in vesting from grants received as CEO.

6 Number of privately held shares as CEO per 31 December 2017: see table »Shares held by members of the Executive Committee«, page 13.

7 Thereof 240 271 held by »The Honoré T. Wamsler Trust«.

8 Former Board of Directors members include Rudolf Wehrli and Peter Chen, who resigned 16 October 2018. Pro-rata cash payment for 2018 instead of shares, see table »2018 Annual Compensation« on page 10.

The compensation for members of the Board of Directors is subject to the Swiss taxation and social security laws, 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. For additional information on the Board of Directors, refer to Note 14 of the Notes to the 2018 Financial Report of Clariant Ltd, on pages 80 to 81.

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 (GSM-LTIP, PSU) 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, 4.2.a & b. 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).

After no adjustments to the compensation packages for EC members in 2017, the CoC approved an increase in base salary for EC members for 2018.

With the envisioned changes to Clariant's Long-Term Incentive Plans (see 4.2.a, b & c), the CoC also decided not to grant the GSM-LTIP for 2018 for the Executive Committee. Consequently, no Investment Shares and Matching Shares will be granted for 2018 and the 2018 annual bonus will be fully paid in cash.

The total target remuneration for the Executive Committee in 2018 was therefore lower than in 2017.

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

	CEO Compensation		EC Compensation	
	2018 [2]	2017	2018	2017
Total target	**3 900 000**	**4 560 000**	**2 250 000**	**2 400 000**
Performance Share Unit [3]	500 000	500 000	350 000	350 000
Matching Shares [4]	–	460 000	–	200 000
Target Cash Bonus, thereof Investment Share [5] (20 % Invest)	2 200 000 (–)	2 300 000 (460 000)	1 000 000 (–)	1 000 000 (200 000)
Base salary	1 200 000	1 300 000	900 000	850 000

[1] Without other benefits.
[2] New 2018 annual CEO remuneration structure for Ernesto Occhiello; annual total target remuneration for Hariolf Kottmann would have been 4 175 000 CHF.
[3] 3-years vesting period with defined performance hurdle (Value at Grant).
[4] 2017: 1:1 match of Investment Shares after 3-years vesting period (Value at Grant); 2018: no grant due to planned changes in Long-Term Incentive Plans.
[5] 2017: Investment of 20% from Actual Cash Bonus into 3-years blocked shares (Value at Grant); 2018: no deduction for Investment Shares due to planned changes in Long-Term Incentive Plans.

The 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 200 000 per annum, and the management pension fund with an insured income of up to an additional CHF 646 000 per annum. The maximum insured income under the pension plans therefore stands at CHF 846 000 per annum. The CEO participates in Clariant's pension and insurance plans.

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 2018: Ernesto Occhiello was appointed CEO effective 16 October 2018, replacing Hariolf Kottmann, who became Chairman of the Board of Directors at the same time. Britta Fuenfstueck decided to leave Clariant effective 31 October 2018 and was replaced by Hans Bohnen effective 12 October 2018.

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.

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

	Hariolf Kottmann	Other EC members [1]	**Totals 2018**
Base salary	1 094 469	3 003 562	4 098 031
Cash bonus [2]	1 547 932	2 991 068	4 539 000
Share-based incentive (FMV) [3]	13 648	747 544	761 192
Other benefits [4]	574 361	1 700 566	2 274 927
Total	**3 230 409**	**8 442 741**	**11 673 150**

2017 ANNUAL COMPENSATION TO MEMBERS OF THE EXECUTIVE COMMITTEE (FAIR MARKET VALUE, FMV) in CHF

	Hariolf Kottmann	Other EC members	**Totals 2017**
Base salary	1 300 000	2 550 000	3 850 000
Cash bonus	1 339 520	1 747 200	3 086 720
Share-based incentive (FMV)	1 170 016	1 933 398	3 103 414
Other benefits	1 250 358	1 628 534	2 878 892
Total	**5 059 894**	**7 859 132**	**12 919 026**

[1] Including Ernesto Occhiello, Britta Fuenfstueck, and Hans Bohnen, respectively on a pro-rata basis for 2018.
[2] 2018: cash bonus payout 85% without deduction for investment shares as in previous years due to discontinuation of GSM-LTIP.
[3] No grant of Investment Shares and Matching Shares for 2018 due to discontinuation of the GSM-LTIP. Forfeiture of PSU grant for Britta Fuenfstueck due to termination. Pro-rata PSU grant for Hariolf Kottmann. No PSU grant for Hans Bohnen as EC member and Ernesto Occhiello due to start date in October 2018.
[4] »Other benefits« include pension contributions (36%), cost related to the international assignment of Christian Kohlpaintner (21%), and social security contributions/other benefits (43%).

In 2017 and 2018, no contractual payments to leaving Executive Committee members were made and no loans or credits were outstanding and/or granted in both years. 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.

According to Art. 28, an additional amount of 50 % of the respective total remuneration approved by the Annual General Meeting can be spent in case new EC members are appointed after the Annual General Meeting.

The total compensation of the Executive Committee for 2018 amounts to CHF 11.7 million and is within the approved budget of CHF 17.2 million.

This budget approval was granted for the year 2018 at the Annual General Meeting in 2017.

The actual share ownership of the members of the Executive Committee is shown below. No options were held at 31 December 2017/2018.

2018 NUMBERS OF SHARES GRANTED

	Hariolf Kottmann	Ernesto Occhiello [1]	Hans Bohnen [2]	Patrick Jany	Christian Kohlpaintner	Total
Number of performance share units	542 [3]	–	–	14 844	14 844	**30 230**
Total number of shares [4]	**542**	**–**	**–**	**14 844**	**14 844**	**30 230**

1 No shares granted in 2018 due to start date in October 2018.
2 No shares granted as EC member for 2018 due to start date in October 2018.
3 Pro-rata amount due to retirement as CEO (full amount would have been 21 205).
4 No Investment Shares or Matching Shares granted for 2018 due to planned redesign of Long-Term Incentive Plans.

SHARES HELD BY THE MEMBERS OF THE EXECUTIVE COMMITTEE

	Number of shares granted for 2018 [1]	Number of shares granted for 2017 [2]	Number of shares within vesting period for 2018	Number of shares within vesting period for 2017	Number of privately held shares at 31 Dec. 2018	Number of privately held shares at 31 Dec. 2017
Hariolf Kottmann	542 [3]	51 965 (correction of 49 407)	29 295 [4]	143 171	– [5]	447 421
Ernesto Occhiello	–	–	–	–	–	n.a.
Hans Bohnen [6]	–	n.a.	25 084	n.a.	87 247	n.a.
Patrick Jany	14 844	28 592 (correction of 27 478)	79 368	80 569	394 713	378 996
Christian Kohlpaintner	14 844	28 594 (correction of 27 478)	79 368	80 569	320 853	305 135
Britta Fuenfstueck [7]	–	28 592 (correction of 27 478)	–	44 020	n.a.	7 406
Total	**30 230**	**137 743 (correction of 131 841)**	**213 116**	**348 329**	**802 813**	**1 138 958**

1 No Investment Shares or Matching Shares granted for 2018 due to planned redesign of Long-Term Incentive Plans.
2 Correction needed due to adjustments to final share price at grant: Underlying assumption was CHF 25.00 per share. Final allocation was done at CHF 22.82.
3 Pro-rata grant due to retirement as CEO.
4 Unvested Matching Shares were paid out in cash on pro-rata basis upon retirement as CEO; only unvested PSUs remain on pro-rata basis.
5 Not an EC member as of 31 December 2018; please refer to Board of Directors overview on page 11.
6 Hans Bohnen became EC member in October 2018; therefore no shares granted as EC member for 2018. Number of shares within vesting result from prior LTIP grants in senior leadership roles at Clariant.
7 All unvested grants forfeited upon termination.

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Report of the statutory auditor

to the General Meeting of Clariant Ltd

Muttenz

We have audited the Compensation Report of Clariant Ltd for the year ended 31 December 2018. 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 labeled 'audited' on pages 10 and 12 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 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 labeled 'audited' on pages 10 and 12 of the Compensation Report of Clariant Ltd for the year ended 31 December 2018 comply 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 2019

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