

2022

# Compensation Report



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The Integrated Report consists of five reports that cover important aspects of our business. They can be read in conjunction with each other. Together, the reports provide a full picture of our ability to create long-term value.

This Compensation Report provides information on the governance, principles, policies, and designs of the compensation programs for the Members of the Board of Directors (BoD) as well as the Executive Steering Committee (ESC). In addition, it presents information on the actual compensation provided to Members of the BoD and the ESC for the year 2022. The Compensation Report is aligned to Articles 14 to 16 of the Ordinance against Excessive Pay at Publicly Listed Companies (VegüV), Article 663c of the Swiss Code of Obligations, the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance, and economiesuisse's Swiss Code of Best Practice for Corporate Governance.



# Letter to Stakeholders

Dear Stakeholders,

Last year, I started my letter by discussing what a challenging year 2021 was due to the COVID-19 global pandemic. And while we are still feeling the impacts of the pandemic, we are also dealing with the next crisis with Russia's war on Ukraine.

As Clariant's plant in Ukraine is right in the center of the war, production had to be stopped, and the company supported the evacuation of employees from the area to other parts of Ukraine or other countries. I am happy to say that the company was able to offer jobs in other countries to a number of Ukrainian employees. At the same time, and like many other companies, Clariant decided to suspend any business in and with Russia.

## 2022 Transformation

2022 was also a year of transformation for Clariant. Several M&A projects were concluded or advanced: the completion of the divestment of the Pigments business in January, the sale of the North America Land Oil business with an expected closing in the first quarter of 2023, as well as the completion of the acquisition of the Attapulgit business in the US.

In June, the company announced a new organizational setup and a new leadership structure. The changes include a reduction from five to three business units and a flatter operating model. This is accompanied by a change from the former Executive Committee to an Executive Steering Committee. The new Executive Steering Committee comprises the CEO, the CFO, as well as the three Business Presidents, who have full P&L responsibility for their respective Business Units (BU). In this process, the three members of the former Executive Committee stepped down from their positions.

## 2022 Performance

Despite the disruptions from the pandemic, the war on Ukraine, and their effects on energy prices and supply chain, Clariant managed to achieve a remarkable financial result. Driven by the strong efforts and dedication of our employees as well as the continued execution of efficiency programs, Clariant achieved significant growth in terms of sales, absolute EBITDA, and cash flow. These



results are also reflected in the amounts of variable compensation to the members of the Executive Steering Committee as outlined later in this report.

## Compensation Committee Activities

The Compensation Committee met six times during 2022 and held one telephone conference. The activities focused around three main topics:

- (1) The restatements of the financial results for the years 2020 and 2021 and the impact on the achievements of the incentive plans, as well as the timing for payout;
- (2) Clariant's organizational transfor-



mation, the resulting personnel changes, and the required remuneration packages for former and newly appointed EC/ESC members, and (3) the design of the new short-term incentive plans.

In addition, the Compensation Committee performed its regular activities. These included, for instance, the proposal of targets for the 2023 Clariant Long-Term Incentive Plan (CLIP) grant, the proposal of the Group and business unit targets for the 2023 short-term incentive plan for approval by the Board of Directors, as well as the preparation of the Compensation Report and the say-on-pay votes at the Annual General Meeting.

**Changes to the Compensation System in the Reporting Year**

As announced in the 2021 Compensation Report, Clariant’s long-term incentive plan was granted in April 2022 under a new plan design including two ESG-related KPIs (CO<sub>2</sub> emission reduction and Employee Net Promoter Score) with a substantial weighting of 34 % in total, thus strengthening the company’s sustainability agenda.

In 2022, the global short-term incentive plans were reviewed and redesigned. The new plans will be effective 1 January 2023, and you will find further details on the new design in this report. The new design places greater emphasis on a pay-for-performance philosophy and continued alignment with the company’s strategy. This also leads to another change in the long-term incentive plan for 2023, where EBITDA margin will be replaced with return on invested capital (ROIC), as EBITDA margin is one of the financial KPIs embedded in the new short-term incentive plan. As in the long-term incentive plan, ESG-related metrics are a substantial part of the new short-term incentive plan.

The organizational transformation and the personnel changes at the EC/ESC level were also taken as an opportunity to review the compensation packages for newly appointed ESC members. Based on benchmarks from Mercer, the level and structure of the total compensation were adjusted. While all newly appointed ESC members follow the same compensation mix with a target short-term incentive of 80 % of base salary and a target long-term

incentive of 90 % of base salary, the total target compensation differs for each member, taking into account the size and scope of the role as well as the size and global footprint of the business.

**Binding/Nonbinding Votes at the 2022 Annual General Meeting**

We are happy that stakeholder support for Clariant’s compensation philosophy and framework continues to be strong. All motions on compensation were approved by Clariant’s stakeholders at the 2022 Annual General Meeting, and the Compensation Report again received a high approval rate in the consultative vote.

However, from the Annual General Meeting as well as from numerous discussions with our stakeholders, we have also received feedback and requests to improve the disclosures regarding the company’s compensation system. We are grateful for this feedback and take it seriously. While we are not able to meet all requests brought forward, we have made an effort with a new structure and additional disclosures in this report. We will continue to engage with our stakeholders to ensure that the company’s compensation programs are aligned with their interests and aligned to the company’s purpose and strategy in an ever-changing environment.

We hope you appreciate the new format and additional information provided.

Eveline Saupper  
Chair Compensation Committee



## COMPENSATION SUMMARY 2022

### Board of Directors

To ensure their independence, members of the Board of Directors (BoD) receive a fixed compensation only, partially provided in cash and partially provided via restricted shares. The restricted shares are blocked for a period of three years.

#### BOD COMPENSATION STRUCTURE

	Chair	Vice-Chair	Member
Honorarium	450 000	180 000	150 000
Committee fees		Based on individual activities	Based on individual activities
Share-based compensation	300 000	120 000	100 000
Social security contributions	Based on individual situation	Based on individual situation	Based on individual situation

For chairing one of the four committees, BoD members receive a cash payment of CHF 50 000 (CHF 80 000 for chairing the Audit Committee). For regular membership in a committee, BoD members receive a cash payment of CHF 30 000 (CHF 50 000 for the Audit Committee). The chairman is not entitled to committee membership fees.

The following shareholding requirements apply to BoD members:

- Chairman: 30 000 shares
- Vice-Chairman: 15 000 shares
- Member: 12 000 shares

For the mandate year 2021/2022, total compensation for the BoD members was within the approved budget:

Mandate year	Actual	Approved
2022/2023 <sup>1</sup>	CHF 4.0m	CHF 5.0m
2021/2022	CHF 4.2m	CHF 5.0m

<sup>1</sup> Estimation, mandate year not yet ended

For the mandate year 2022/2023, the actual total amount of compensation paid out to the BoD members is estimated to amount to CHF 4.0 million, and therefore, the total amount stayed within the amount of CHF 5.0 million approved by the Annual General Meeting (AGM) in 2022.

### Executive Steering Committee

The compensation for the ESC comprises the following elements:

- A fixed compensation payable in 12 installments
- A variable cash bonus payable once a year
- A long-term incentive plan settled in shares after a three-year vesting period
- Benefits in line with local practice

#### ESC COMPENSATION STRUCTURE

	CEO	Paymix	Other ESC members	Paymix
Fixed compensation	1 200 000	30.0 %	500 000 – 600 000	37.0 %
Short-term incentive (STI)	108 % of fixed compensation	32.5 %	80 % of fixed compensation	30.0 %
Long-term incentive (LTI)	125 % of fixed compensation	37.5 %	90 % of fixed compensation	33.0 %
Other benefits <sup>1</sup>	Based on individual situation	Based on individual situation	Based on individual situation	Based on individual situation

<sup>1</sup> Other benefits include pension contributions, social security contributions, and other benefits.

The following shareholding requirements apply to the ESC:

- CEO: 150 000 shares
- Other ESC members: 80 000 shares

For the performance year 2022, total compensation for the ESC was within the approved budget:

Performance year	Actual	Approved
2022	CHF 12.2m	CHF 16.0m
2021	CHF 11.3m	CHF 16.0m

In 2022, there were significant changes to the ESC (former EC). As of 30 June 2022, the three EC members stepped down from their appointments and will leave Clariant as of 30 June 2023. As of July 2022, the following new ESC members were announced:

- Bill Collins, CFO
- Angela Cackovich, Business President Adsorbents & Additives and EMEA
- Jens Cuntze, Business President Catalysts and APAC
- Christian Vang, Business President Care Chemicals and Americas

Despite the personnel changes in the ESC, the aggregate compensation for the ESC for 2022 remains within the amount approved by the AGM.

The total amount paid to members of the ESC in the business year 2022 was CHF 12.2 million, after CHF 11.3 million in the prior year. The increase in the total amount from 2021 to 2022 is mainly driven by two factors:

- The 2022 amount includes the pro-rata payments for the newly appointed ESC members as well as the continued payments to three EC members whose agreements expire mid-2023
- Clariant realized strong operational results in 2022. Sales increased from CHF 4 372 million in 2021 to CHF 5 198 million in 2022, while absolute EBITDA increased by 14 % versus 2021 and Operating Cash Flow by CHF 139 million. The strong operational results is also reflected in higher bonus payouts for 2022 compared to 2021.



## COMPENSATION GOVERNANCE

Clariant's Articles of Association, in combination with the Bylaws of the BoD and the Charter of the Compensation Committee (CoC), include regulations on compensation principles and the governance framework for compensation-related decisions. These documents can be found here:

- Articles of Association and Bylaws of the Board of Directors: <https://www.clariant.com/en/Company/Corporate-Governance/Articles-of-association>
- Charter of the Compensation Committee: <https://www.clariant.com/en/Company/Corporate-Governance/Committees>
- The Articles of Association include, among others, the following compensation-related items:
  - Stakeholder involvement: Articles 16 and 17 (see → **Stakeholder Involvement**)
  - Setup and responsibilities of the Compensation Committee: Article 24
  - Compensation principles for the BoD and the ESC: Articles 26 and 27
  - Additional amount payable due to ESC changes: Article 28
  - No grant of loans, credits, or securities to members of the BoD or the ESC: Article 30
  - Principles of performance-based compensation and allocation of shares: Articles 32 to 36
  - Employment contracts of members of the ESC: Article 39

## Compensation Committee

The roles and responsibilities of the Compensation Committee are defined in Article 24 of the Articles of Association and Article 3.2.2 of the Bylaws of the BoD, in combination with the Compensation Committee Charter.

According to Article 24 of the Articles of Association, the Compensation Committee comprises at least three members who are elected by the AGM. During the 2022 reporting year, the Compensation Committee comprised four non-executive members of the BoD:

- Until the AGM: Eveline Saupper (Chair), Nader Ibrahim Alwehibi, Claudia Suessmuth Dyckerhoff, and Konstantin Winterstein
- After the AGM: Eveline Saupper (Chair), Naveena Shastri, Claudia Suessmuth Dyckerhoff, and Konstantin Winterstein

The Compensation Committee's main responsibilities are to

- Propose to the BoD the maximum total compensation for the BoD and the ESC to be submitted to the AGM for approval;
- Propose to the BoD the actual compensation to be paid to the BoD and the ESC members (including the performance under the company's short- and long-term incentive plans), subject to the limits approved by the AGM;
- Review and propose to the BoD general compensation policies and programs;
- Propose employment contracts and compensation packages for newly appointed ESC members or any updates to employment contracts and compensation packages of existing ESC members;
- Propose the Compensation Report to the BoD.

The Compensation Committee convenes at least twice a year; however, it is regular practice to hold at least three meetings or more if required. In 2022, the Compensation Committee met six times and held one telephone conference.

In those meetings, among others, the following topics were discussed:

Meeting	Topics
February	<ul style="list-style-type: none"> <li>- Company performance and resulting payouts/vesting under short- and long-term incentive plans</li> <li>- Target setting for the 2022 performance period for short-term incentive plans</li> <li>- Preparation of resolutions for the AGM</li> </ul>
March	<ul style="list-style-type: none"> <li>- Changes to the long-term incentive plan</li> <li>- Compensation packages of ESC members</li> </ul>
May	<ul style="list-style-type: none"> <li>- Impact on short- and long-term incentives for the 2020 and 2021 performance period due to the restatement of the financial statements</li> <li>- Compensation packages of ESC members</li> </ul>
July	<ul style="list-style-type: none"> <li>- Discussion of design principles of the company's new global short-term incentive plans</li> <li>- BoD compensation benchmark</li> </ul>
October	<ul style="list-style-type: none"> <li>- Finalization of KPIs and bonus curves of the new global short-term incentive plans</li> <li>- Changes to the long-term incentive plan</li> </ul>
December	<ul style="list-style-type: none"> <li>- Target setting for the short- and long-term incentive plans for the 2023 performance period</li> <li>- Finalization of plan documents of the new global short-term incentive plans</li> <li>- Compensation Report</li> </ul>

The Corporate Secretary acts as Secretary to the Compensation Committee. The Chief Human Resources Officer (CHRO) regularly attends the meetings to share information, present proposals, and consult on relevant compensation related topics. The Chairperson of the Compensation Committee may invite the CEO to attend the Compensation Committee meetings, except when her/his own compensation is discussed or when there are other conflicts of interest.

Where deemed appropriate, external compensation advisors are asked to provide consulting services and asked to join the committee meetings. In 2022, Mercer was asked to provide support for the design of the new short-term incentive plans, provide benchmarking support for the compensation packages of the ESC members, and provide benchmarking support for the BoD compensation. In addition to compensation-related matters, Mercer provides other HR-related consultancy services.



The following table summarizes the authority levels on compensation-related matters:

	CHRO	CoC	BoD	AGM
Compensation policy for ESC members	P	R	A	
(Short-term and long-term) incentive plans	P	R	A	
CEO compensation	P	R	A	
ESC members compensation	P	R	A	
CEO – individual performance goal setting and target achievement (2023 onwards)	P	R	A	
ESC members – individual performance goal setting and target achievement (2023 onwards)	P	R	A	
Shareholding requirements – CEO and other ESC members	P	R	A	
Maximum aggregate compensation for ESC		P	R	A
Compensation policy for Board members	P	R	A	
Board of Directors – maximum aggregate compensation		P	R	A
Compensation Report		P	R	V
Compensation-related changes to Articles of Association		P	R	A

P=Proposes, R=Recommends, A=Approves, V=Consultative Vote

### Stakeholder Involvement

According to Articles 16 and 17 of the Articles of Association, the AGM approves the maximum aggregate compensation to be paid to the members of the BoD for the period up to the next AGM. For the members of the ESC, the AGM approves the maximum aggregate amount to be paid for the business year following the AGM. Finally, the Compensation Report is submitted to the AGM for a consultative vote.

### Benchmarking

The compensation structure and levels for the BoD as well as the ESC are reviewed against market practice and developments on a periodical basis. The basis for the evaluations are benchmarking information and support from well-known external compensation consultants as well as input from publicly available information such as annual reports, compensation reports, and other compensation disclosures. In 2022, benchmarking data was provided by Mercer. While the peer group may differ for each evaluation, the following principles apply to the peer group setting:

- Listed and globally operating companies,
- A mix of Swiss and international companies from within and outside of the chemical industry,
- All companies of the peer group have a similar size in terms of market capitalization, revenue, and number of employees

In 2022, benchmarks were conducted on the compensation mix and levels for the BoD as well as for the new roles in the ESC. Both benchmarks were based on market data from Mercer.

In 2022, the compensation structure and levels for the BoD members were reviewed with the support of Mercer against a peer group of 27 Swiss companies with a comparable size in terms of market capitalization, revenue, and number of employees. The Compensation Committee will continue to monitor the BoD compensation structures and levels.

#### PEER GROUP FOR BOD COMPENSATION BENCHMARK 2022

Adecco Group	Emmi AG	SFS Group
ALSO Holding	EMS-Chemie	Siegfried Holding AG
AMS-Osram AG	Flughafen Zurich AG	SIG Group
Bachem Holding	Galenica Sante	Sika Group
Belimo Holding AG	Georg Fischer AG	Stadler Rail
Bucher Industries	Idorsia Ltd.	Tecan Group Ltd.
Daetwyler AG	Logitech SA	Temenos AG
DKSH Holding	Polypeptide Group	The Swatch Group
Dufry AG	Schindler Holding Ltd.	VAT Group

### Performance Management

Performance management for the ESC follows the same approach as for all Clariant employees. The performance management cycle starts in November of each year with discussions on objectives for the following business year, including financial KPIs on the Group and BU level, projects, and priorities. In December and January, these targets are cascaded down to managers and employees. These meetings also include the target setting for individual goals for each employee. The Chairman of the Board sets the individual goals for the CEO for the following business year, while the CEO sets the individual goals for the other ESC members.

Under the new performance management process rolled out as of 2023, the progress against the defined goals is measured on a continuous basis. The final performance evaluation takes place in December.

While individual performance so far has not been reflected in Clariant's short-term incentive plans, the new design of the short-term incentive plans, applicable from 2023 onward, does include the element of individual performance as a modifier to the individual STI payout, depending on the results of the individual performance evaluation. Please refer to → Compensation Principles and Structure/Executive Steering Committee/Changes to the Compensation System.



## COMPENSATION PRINCIPLES AND STRUCTURES

### Board of Directors (BoD)

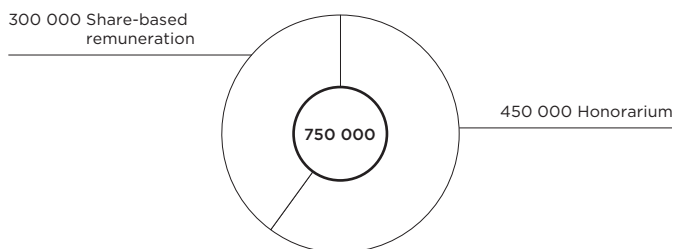
In order to ensure the independence of the BoD members in their supervisory duties, the members receive a fixed compensation only based on their responsibilities and committee memberships. The compensation is partially provided in cash and partially provided via restricted shares to ensure the alignment to stakeholders' interests.

The cash component covers the annual honorarium, and committee membership fees, and is provided retroactively on a quarterly basis, i.e., in March, June, September, and December of each year.

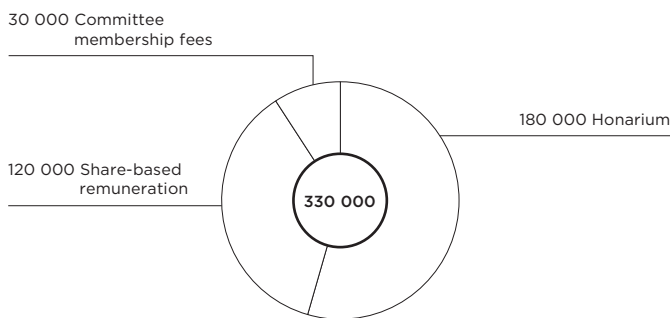
The restricted shares are granted retroactively for the past mandate year on the last trading day four weeks prior to the AGM, based on the average share price of the last ten trading days prior to the grant date. Once granted, the shares are subject to a blocking period of three years, which also remains in place if a BoD member leaves the Board.

The following outlines the structure of the Board of Directors compensation:

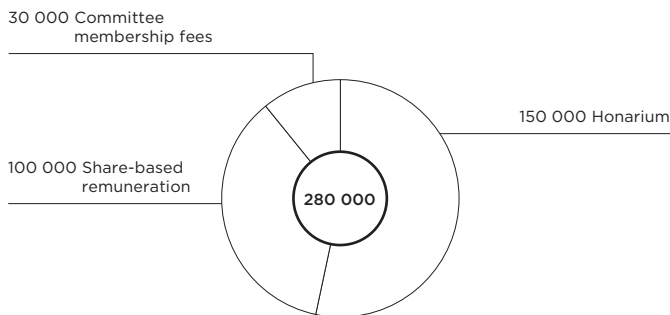
#### 001 BOD CHAIR



#### 002 BOD VICE-CHAIR



#### 003 BOD MEMBER



The assumption for committee fees is a minimum of CHF 30 000.

The Chairman of the Board is not entitled to receive committee fees when serving as a member of a committee. The following table illustrates the fees applicable to committee membership:

#### COMMITTEE FEES IN CHF PER MANDATE YEAR

	Chair	Member
Nomination Committee	50 000	30 000
Audit Committee	80 000	40 000
Compensation Committee	50 000	30 000
Innovation and Sustainability Committee	50 000	30 000

The compensation for BoD members is subject to taxation and social security, depending on the individual's situation, with Clariant paying the employer contributions as required. The BoD members do not receive any lump-sum reimbursement of entertainment expenses above and beyond actual expenditure on business trips. All BoD members are asked to build up defined minimum shareholding requirements within three years from becoming a member of the Board. The shareholding 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

All members of the BoD have either reached the required share ownership requirements or are expected to reach the requirements in the given timeline.





## Executive Steering Committee

### Compensation Principles

Clariant's compensation philosophy is built around six fundamental principles:

#### 004 COMPENSATION PRINCIPLES

##### Alignment with company strategy and stakeholder interests

Compensation components are designed to facilitate the execution of Clariant's business strategy. The design is aligned with the interests of the company's stakeholders.

##### Competitiveness

Clariant conducts regular benchmarking studies to ensure compensation levels are in line with market levels and practices.

##### Compliance

Clariant's compensation practices always follow local regulations, such as laws and collective union agreements.

##### Internal fairness

The compensation policy and practices ensure consistency and fair treatment of all employees working for Clariant.

##### Performance-based pay

Clariant's compensation components incentivize business results as well as individual performance and contributions.

##### Transparency

Compensation principles, Key Performance Indicators, targets, and target achievements are made transparent to employees.

### 2022 Structure and Elements

The total compensation structure for the ESC is highly performance- and success-oriented. A mix of fixed compensation, short-term, and long-term incentives ensures an alignment of stakeholder and management interests.

The following table outlines details of the different compensation elements:

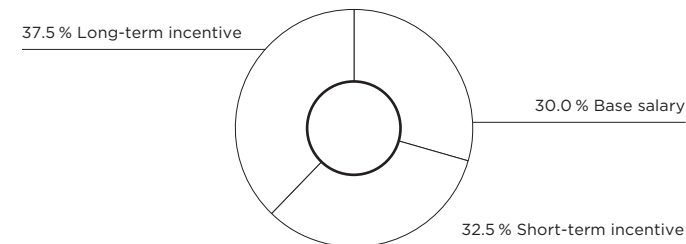
#### ESC COMPENSATION ELEMENTS

Element	Delivery	Purpose	Criteria	Performance Indicators
Base salary	Monthly, in cash	Attract and retain	Position, responsibilities, experience, and market practice	
Short-term incentive	Annually, in cash	Reward for annual company performance	Annual company performance	Group ROIC, Group OCF, BU Performance (EBITDA, Sales, Cash Flow), Top Priorities (Sustainability, Innovation, Process improvements, Safety)
Long-term incentive	Annually, subject to a three-year vesting period, Performance Share Units, settled in shares	Reward for long-term company performance Align to strategy and stakeholder interest	Company performance over a three-year performance period	2020 and 2021: Relative TSR Economic Profit 2022: Relative TSR EBITDA margin CO <sub>2</sub> reduction eNPS improvement
Benefits	Contributions to pension and other insurances, allowances	Life events support Attract and retain	Local regulations and market practice	

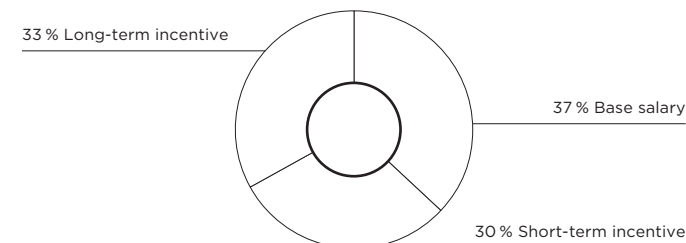
ROIC: Return On Invested Capital, OCF: Operating Cash Flow, EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization, TSR: Total Shareholder Return, eNPS: Employee Net Promoter Score

The illustrations below show the compensation mix for the CEO and the other ESC members based on target compensation and excluding benefits:

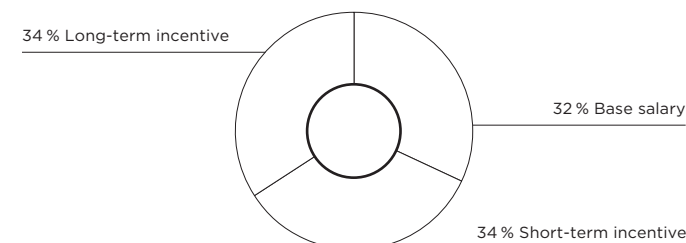
#### 005 STRUCTURE AND ELEMENTS CEO



#### 006 STRUCTURE AND ELEMENTS ESC MEMBERS (AS OF 01 JULY 2022)



#### 007 STRUCTURE AND ELEMENTS EC MEMBERS (UNTIL 30 JUNE 2022)





The new target compensation levels are summarized below:

**REMUNERATION STRUCTURE OF THE CLARIANT EXECUTIVE STEERING COMMITTEE<sup>1</sup> IN CHF**

	CEO Compensation	as % of base salary	CFO & Business Presidents Compensation	as % of base salary	EC Compensation (for members whose term ended 2022)	as % of base salary
<b>Total annual target</b>	<b>4 000 000</b>	<b>-</b>	<b>1 350 000-1 620 000</b>	<b>-</b>	<b>2 050 000</b>	<b>-</b>
Long-term incentives <sup>2</sup>	1 500 000	125	450 000-540 000	90	700 000	108
<sup>3</sup>	1 300 000	108	400 000-480 000	80	700 000	108
Base salary	1 200 000	100	500 000-600 000	100	650 000	100

<sup>1</sup> Without other benefits

<sup>2</sup> Annual grant volume; Performance Share Units with 3-year vesting and defined performance hurdle; vesting capped at 200% target achievement

<sup>3</sup> Target cash bonus (GMBP); annual payout capped at 100 % target achievement

**Base Salary**

The base salary is determined and reviewed on a regular basis taking into account the size, scope, responsibilities, and complexity of the role. In addition, the required experience for the role, individual contributions, as well as market data and market practice in the industry are considered.

Please refer to → **Changes to the Compensation System** in the Reporting Year for details on changes to the compensation levels and structure for the ESC in 2022 and 2023.

**Benefits**

Benefits granted to the members of the ESC include employer contributions to the company’s pension plans; employer contributions to health, life, disability, and accident insurances, as well as customary allowances such as relocation, car, family, and education allowances. The benefits are granted in alignment with practices in Switzerland.

The ESC members 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 653 200 per annum. The maximum insured income under the pension plans therefore stands at CHF 853 200 per annum.

Clariant’s pension plans comply with the legal framework of the Swiss Occupational Pension Scheme Act (BVG), and the maximum contribution will be dynamically aligned in accordance with Article 79c BVG. For ESC members 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.

**Short-Term Incentive**

As all managers in Clariant, the ESC members are eligible to participate in the annual short-term incentive plan »Global Management Bonus Plan (GMBP)«.

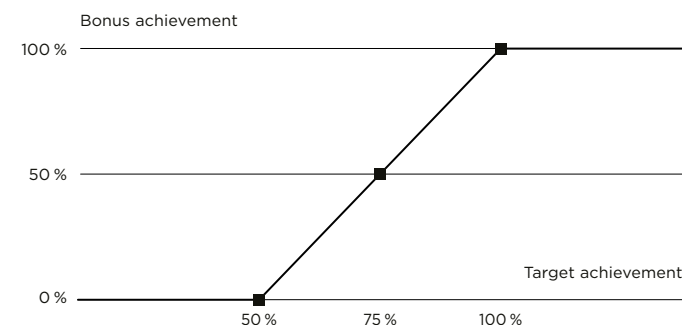
The underlying KPIs for the GMBP were chosen to incentivize employees for Group and business performance, and they were set as top priorities for delivering on the company’s strategy and development in a respective business year.

The following table provides an overview of the GMBP applicable to the 2022 business year:

**GMBP KPI STRUCTURE**

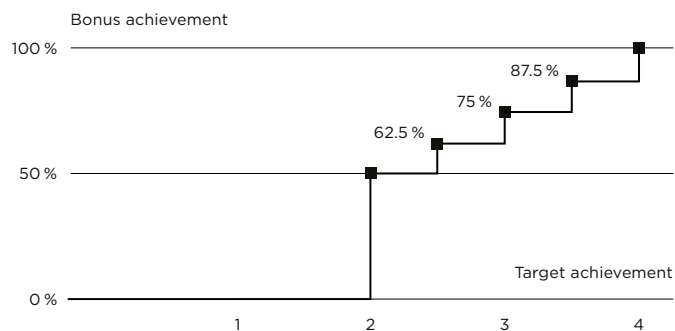
Item	Details	Weighting CEO and CFO	Weighting Business Presidents
KPIs – Group Financial	ROIC	25 %	5 %
	Operating Cash Flow	25 %	5 %
KPIs – BU Performance	Average BU Performance	30 %	
	BU EBITDA		20 %
	BU Cash Flow		30 %
	BU Local Currency Growth		20 %
KPIs – Top Priorities	Scope 3 emission	20 %	20 %
	CLNX Benefits		
	Innovation Sales and COMA %		
	DART		
Performance Period	Business year		
Settlement	Cash		
Grant Value	% of base salary		
Clawback / Malus	Malus		
Payout Levels	0 % to 100 %		

**008 FINANCIAL KPIs**





009 TOP PRIORITIES



For each of the KPIs, the company proposes the annual targets and the respective threshold and maximum. The Compensation Committee reviews these targets and provides a recommendation to the BoD for approval.

The development of the company's target proposal follows a well-defined process subject to several rounds of discussions between the ESC and business leaders as well as the BoD. This process ensures that defined targets support the company's financial and growth ambitions and are challenging, yet achievable. The actual targets and achievements for 2022 are disclosed on page 18. The targets for 2023 are not being disclosed, as these are considered commercially sensitive.

The annual evaluation of the achievement of objectives, as well as the allocation of funds for the GMBP, is conducted by the Compensation Committee and approved by the BoD prior to the sign-off of the respective year's financial statements. This system ensures that the bonus payments granted to employees are closely aligned with the Group's overall results.

For the financial KPIs, the target achievements are derived based on a straight line from threshold to cap. The target achievement for the Top Priority KPIs is based on a step approach, requiring the achievement of two Top Priorities to reach the threshold and ending at a cap of 100 % when all four Top Priorities are met.

The payout is a result of the weighted target achievements applied to the target bonus of the respective participant. The payout is capped at 100 % of the target bonus.

Long-Term Incentive

Along with employees in senior management positions, the ESC members are eligible to participate in the Clariant Long-Term Incentive Plan (CLIP). Implemented in 2019, the CLIP was designed to align compensation with long-term stakeholder interests and to have eligible employees drive the company's long-term strategy. In 2022, the CLIP was redesigned to ensure continued alignment with the company's updated strategy and to ensure that the CLIP contributes to an overall attractive and competitive compensation package.

The CLIP represents an equity-based award in the form of Performance Share Units with a three-year vesting period. The CLIP grant per individual is defined as a fixed percentage of the annual base salary. The vesting is conditional upon achievement of defined performance targets, and a vesting will only occur if at least a threshold performance level as defined by the BoD has been achieved. KPIs applied for the CLIP are purely quantitative in nature. For each KPI, the BoD determines a threshold, a target, and a maximum performance level prior to each grant date, and the grant details are communicated to participants accordingly. For the relative total shareholder return (TSR), the target is met if the index performance is met. Threshold and maximum are determined by one standard deviation down and up from the target. For the internal targets, exact actual targets are not being disclosed, as these are considered commercially sensitive.

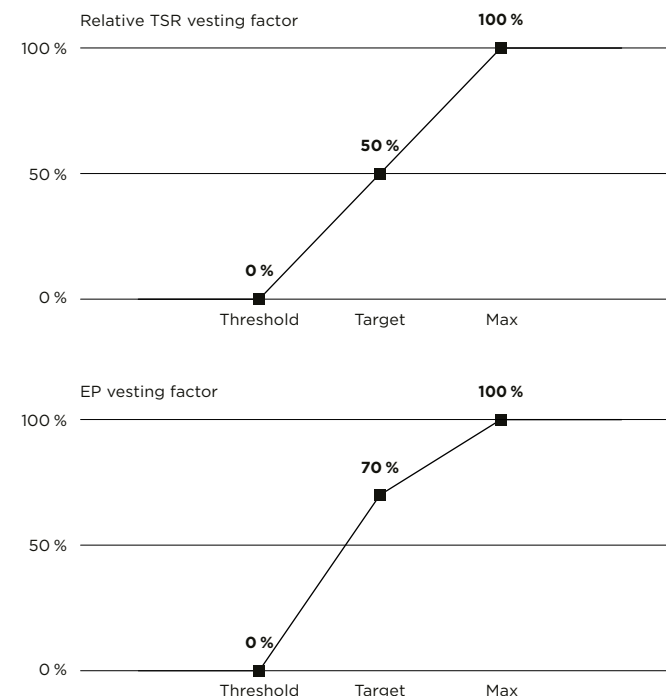
At vesting and subject to continued employment up to the vesting date, the number of PSUs that vest for a participant is calculated by multiplying the number of the granted PSUs with the overall vesting factor. Under the CLIP 2020 and 2021 design, each PSU is converted into up to one Clariant share. Under the CLIP 2022 design, each PSU is converted up to a maximum of two Clariant shares. The vesting factor for each KPI is determined by the BoD at the end of the vesting period upon proposal of the Compensation Committee. The Compensation Committee may propose adjust-

ments to the vesting factors for each KPI in the event of extraordinary and nonrecurring events during the vesting period (please refer to → [Comments on the 2022 Compensation](#)).

**CLIP STRUCTURE 2020 AND 2021**

Item	Details	Weighting
KPIs	Relative TSR (measured against the MSCI World Chemicals Index) Economic Profit (EP)	50 % 50 %
Vesting Period	3 years	
Delivery	Performance Share Units	
Settlement	Equity	
Grant Value	% of base salary	
# of PSUs	Grant value divided by fair value of PSU	
Clawback / Malus	Malus	
Vesting Levels	0 % to 100 %	

010 RELATIVE TSR/EP VESTING CURVE

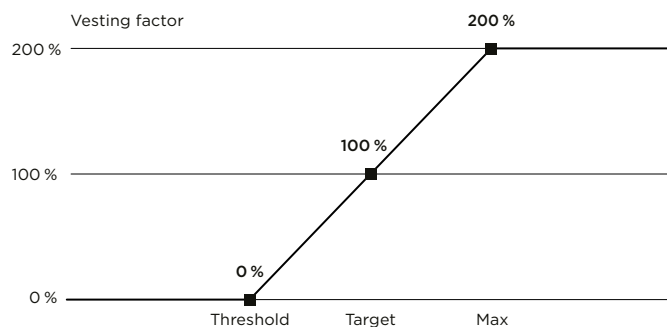




**CLIP STRUCTURE 2022**

Item	Details	Weighting
KPIs	Relative TSR (measured against the MSCI World Chemicals Index)	33 %
	EBITDA margin	33 %
	CO <sub>2</sub> (Scope 1+2) reduction	17 %
	Employee Net Promoter Score (eNPS)	17 %
Vesting Period	3 years	
Delivery	Performance Share Units	
Settlement	Equity	
Grant Value	% of base salary	
# of PSUs	Grant value divided by 30-day average share price	
Clawback / Malus	Malus	
Vesting Levels	0 % to 200 %	

**011 VESTING CURVE 2022**



The STI and LTI plans foresee a malus provision, enabling the BoD (in the case of ESC members) or the company (in the case of any other employee) to decide on a reduction of up to a full forfeiture of unvested entitlements in justified and defined cases of misconduct. For 2023, a clawback provision will be added to the plan rules. Please refer to → **Changes to the Compensation System**.

The procedures upon termination of employment during the vesting period are:

- Retirement: Pro-rata vesting at the regular vesting date based on actual performance
- Disability and death: Immediate pro-rata cash out based on 100 % performance

- Sale of a business, change of control and redundancy: Immediate pro-rata cash out based on 80 % performance
- Voluntary termination and termination for cause: Full forfeiture

The participation in the CLIP is tied to share ownership targets that have to be achieved within five years of the first participation:

- CEO: 150 000 shares
- Other ESC members: 80 000 shares
- Other participants: Up to 30 000 shares, depending on management level

As all current members of the ESC did not yet receive a vesting under the CLIP, they are still building up the share ownership within the allowed timeframe. The previous EC members were in compliance with the share ownership requirements.

Other contractual terms

As per the Articles of Association (Article 39), employment contracts of the ESC members have an indefinite period. The notice period is twelve months followed by a noncompete period of twelve months. The contracts do not allow for any severance packages.

**Changes to the Compensation System**

This section will outline the changes to the Compensation System for the Executive Steering Committee members that have been implemented in 2022 or will take effect as of 2023.

Paymix

Accompanying the organizational transformation and the newly formed Executive Steering Committee, compensation levels and the paymix for the CFO and the Business Presidents were reviewed and adjusted. Each role was benchmarked against the market taking into account the scope, responsibilities, and experience required, as well as the size of the respective business units (e.g. revenue, FTE). Benchmarks were conducted with the support of Mercer and based on their market data. While the overall compensation package for EC members was already reduced effective January 2021, the benchmark results showed a further need to

adjust the compensation levels and the paymix for the new ESC members.

Since July 2022, the base salary for the CFO and the three Business Presidents ranges from CHF 500 000 to CHF 600 000, depending on the indicators as described above. This compares to the identical fixed compensation of CHF 650 000 for EC members whose term ended in 2022. The target short-term incentive amount was reduced from previously 108 % of base salary to 80 % of base salary while the fair market value of long-term incentive entitlements was reduced from 108 % of base salary to 90 % of base salary. With these changes, the total target compensation for the new ESC members ranges from CHF 1 350 000 to CHF 1 620 000, compared to CHF 2 050 000 for EC members whose term ended in 2022.

With the new paymix, the compensation structure continues to focus on variable compensation elements supporting the company's pay-for-performance philosophy. The higher percentage for the long-term incentive plan ensures alignment with the company's long-term strategy and shareholder interests.

2023 Short-Term Incentive

In 2022, new global short-term incentive plans were developed and approved by the BoD for all Clariant employees, including the ESC members. These plans will come into effect as of 1 January 2023.

The new STI design is fully aligned with the company's strategy and targets up to 2025:

- Closer alignment to Clariant's financial strategy and steering: By exchanging ROIC with EBITDA margin and Operating Cash Flow with Free Cash Flow, the new design not only follows market practice, it also strengthens the commitment to the financial targets communicated to stakeholders in November 2021
- Continued strong focus on sustainability: Clariant's commitment to sustainability is supported by the significant increase in the weightings for sustainability-related KPIs compared to the previous design



- Increase pay-for-performance philosophy: The broader range of potential performance outcomes with the possibility to overachieve targets and the upside and downside potential from the individual performance factor increases employee motivation and company performance
- Align to market practice: The selection of KPIs, pay-out curves, and higher cap are closely aligned to market practices as confirmed by external compensation advisors
- Simplification: Fewer KPIs provide for higher transparency and an increased focus on the selected KPIs due to higher weightings

**SHORT-TERM INCENTIVE PLAN**

	Category	CEO and CFO	Business Presidents
<b>Group Results</b>			
EBITDA margin	Financial	35 %	10 %
Free Cash Flow	Financial	35 %	10 %
CO <sub>2</sub> emission (Scope 3)	ESG	15 %	
DART <sup>1</sup>	ESG	15 %	
<b>Business Unit Results</b>			
BU EBITDA (absolute)	Financial		25 %
BU Cash Flow	Financial		25 %
CO <sub>2</sub> emission (Scope 3)	ESG		15 %
DART <sup>1</sup>	ESG		15 %
<b>TOTAL</b>		<b>100 %</b>	<b>100 %</b>

<sup>1</sup> Days Away from Work, Job Restriction, or Job Transfer

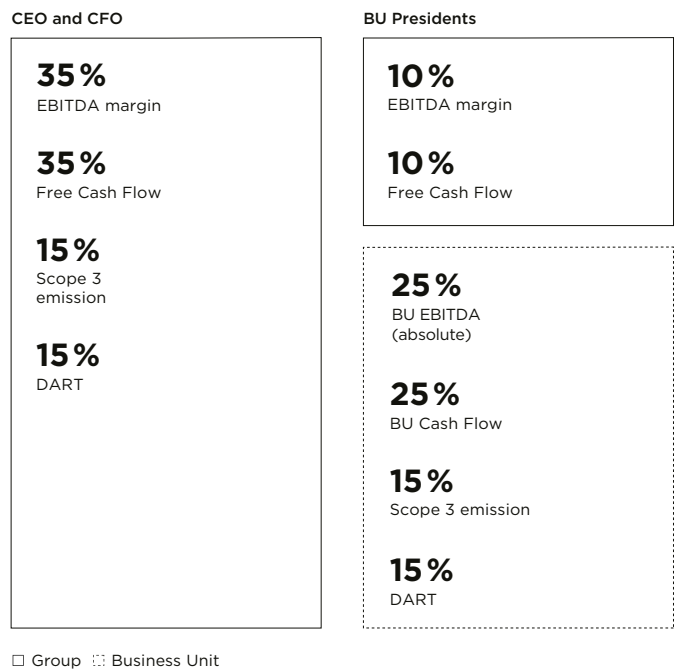
For each KPI, a bonus curve is defined with a target (stretched goal), a threshold (minimum performance required for a payout), and a maximum (maximum performance, payout cap). The payout is determined based on a straight line between threshold and target and target and maximum.

Depending on individual performance and individual contributions toward goals defined and assessed by the BoD, the payout under the short-term incentive plan may decrease or increase in a corridor from 50 % to 150 %. The respective goals and assessment will be outlined in the Compensation Report going forward. In any case, the payout under the short-term incentive plan is capped at 200 % of the individual target bonus.

Except for the individual multiplier, all KPIs are quantitative in nature. They are either directly audited (financial KPIs) or the functionality of the underlying systems are audited (Scope 3 and DART).

The plan design is consistently applied for the ESC members as well as other Clariant employees eligible to participate in the new Clariant Global Bonus Plan (GBP).

012 **KPI STRUCTURE**



Overall achievement



x

Individual multiplier



**Payout (between 0 % and 200 % of target STI)**

In addition to the changes to the overall short-term incentive plan design, the plan rules were strengthened by adding a clawback provision in addition to the already existing malus provision. This enables the BoD or the company to not only decide on a reduction or forfeiture of not yet paid entitlements, but also to claim back already paid entitlements from the plan participants in defined and justified cases of misconduct, e.g., leading to a restatement of financial statements, financial or reputational damage, or in cases of a substantial breach of legal, regulatory, or contractual requirements.

2023 Long-Term Incentive

In order to avoid an overlap with the KPIs for the new short-term incentive plan, the KPIs for the Clariant Long-term Incentive Plan (CLIP) will be adjusted for the 2023 grant. For this grant, ROIC will replace EBITDA margin as a CLIP KPI. The weighting of 33 % will remain.

As with the STI, the LTI plan regulations will be strengthened by the inclusion of a clawback provision in addition to the already existing malus provision.



## COMPENSATION 2022 AND SHARE OWNERSHIP

Value (FMV) figures as earned by the BoD members for the calendar year are disclosed in the following audited table. All amounts are stated in gross amounts.

### Board of Directors

In order to fulfill the reporting needs outlined in the Ordinance against Excessive Compensation (OaEC), the relevant Fair Market

#### 2022 ANNUAL COMPENSATION - EMOLUMENTS TO MEMBERS OF THE BOARD OF DIRECTORS (FAIR MARKET VALUE = FMV) IN CHF

	Günter von Au	Ahmed Mohammed Al Umar <sup>1</sup>	Roberto Gualdoni <sup>1</sup>	Thilo Mannhardt	Geoffery Merszei	Eveline Saupper	Naveena Shastri <sup>1</sup>	Peter Steiner	Claudia Suessmuth Dyckerhoff	Susanne Wamsler	Konstantin Winterstein	Abdullah Mohammed Alissa <sup>2</sup>	Nader Alwehibi <sup>2</sup>	Calum MacLean <sup>2</sup>	Totals 2022
<b>Cash compensation</b>															
Honorarium	450 000	135 000	112 500	150 000	150 000	150 000	112 500	150 000	150 000	150 000	150 000	45 000	37 500	37 500	<b>1 980 000</b>
Committee fee	-	22 500	22 500	50 000	40 000	60 000	22 500	110 000	60 000	60 000	70 000	7 500	7 500	7 500	<b>540 000</b>
<b>Social security contribution</b>															
Relevant amount	52 562	11 629	-	12 105 <sup>3</sup>	-	25 329	-	-	24 425	25 454	-	13 006	12 764	-	<b>177 274</b>
<b>Shares</b>															
Fair Market Value (FMV)	300 000	120 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	-	-	-	<b>1 320 000</b>
<b>Total 2022 (Fair Market Value 2022)</b>	<b>802 562</b>	<b>289 129</b>	<b>235 000</b>	<b>312 105</b>	<b>290 000</b>	<b>335 329</b>	<b>235 000</b>	<b>360 000</b>	<b>334 425</b>	<b>335 454</b>	<b>320 000</b>	<b>65 506</b>	<b>57 764</b>	<b>45 000</b>	<b>4 017 274</b>

<sup>1</sup> New Member of the Board since AGM 2022

<sup>2</sup> Member of the Board up to AGM 2022

<sup>3</sup> Incl. additional social security contributions due to in-existent agreement between countries

#### 2021 ANNUAL COMPENSATION - EMOLUMENTS TO MEMBERS OF THE BOARD OF DIRECTORS (FAIR MARKET VALUE = FMV) IN CHF

	Günter von Au <sup>1</sup>	Abdullah Mohammed Alissa	Hariolf Kottmann <sup>2</sup>	Calum MacLean	Geoffery Merszei	Eveline Saupper	Peter Steiner	Claudia Suessmuth Dyckerhoff	Susanne Wamsler	Konstantin Winterstein	Nader Alwehibi	Thilo Mannhardt	Totals 2021
<b>Cash compensation</b>													
Honorarium	375 000	180 000	112 500	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	<b>2 017 500</b>
Additional compensation						24 224 <sup>3</sup>							<b>24 224</b>
Committee fee	7 500	30 000	- <sup>4</sup>	30 000	40 000	90 000	110 000	30 000	52 500	62 500	22 500	37 500	<b>512 500</b>
<b>Social security contribution</b>													
Relevant amount	25 185	20 391	31 151	38 382	13 601	27 171	-	19 605	20 668	-	17 053	168 463 <sup>5</sup>	<b>381 670</b>
<b>Shares</b>													
Fair Market Value (FMV)	300 015	120 010	75 000	100 011	100 011	100 011	100 011	100 011	100 011	100 011	100 011	100 011	<b>1 395 124</b>
<b>Total 2021 (Fair Market Value 2021)</b>	<b>707 700</b>	<b>350 401</b>	<b>218 651</b>	<b>318 393</b>	<b>303 612</b>	<b>391 406</b>	<b>360 011</b>	<b>299 616</b>	<b>323 179</b>	<b>312 511</b>	<b>289 564</b>	<b>455 974</b>	<b>4 331 018</b>

<sup>1</sup> Regular Member of the Board until AGM April 2021; Chairman of the Board from AGM April 2021

<sup>3</sup> Extra compensation for temporary additional role as independent Lead Director since 24 July 2019 until 7 April 2021

<sup>5</sup> Incl. regular social security contributions and tax gross-up due to in-existent tax agreement between the countries

<sup>2</sup> Chairman of the Board until 7 April 2021

<sup>4</sup> Not a committee member for the period January-April 2021



The compensation disclosed in the tables reflects the respective calendar year (January to December), while at the AGM, stakeholders approve the total compensation to the BoD for a mandate year, i.e., for the period between two AGMs (in general April to March). The total compensation amount paid to BoD members for the mandate year 2021/2022 was CHF 4.2 million and, thus, below the amount approved by stakeholders of CHF 5.0 million. For the mandate year 2022/2023, a total compensation amount of CHF 4.0 million is expected, which would be within the limits of the approved amount of CHF 5.0 million for this mandate year. The

final total compensation amounts for the mandate year 2022/2023 will be provided in the Compensation Report 2023.

In 2021 and 2022, there were no payments to former BoD members after the mandate year. In both years, no loans or credits were outstanding and/or granted to BoD members, former BoD members or their related parties. No compensation for special duties beyond their regular duties was paid to any BoD member in 2022.

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

**SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS**

	Number of shares granted for 2022 <sup>1</sup>	Number of shares granted for 2021 <sup>2</sup>	Number of privately held shares as of 31 Dec. 2022	Number of privately held shares as of 31 Dec. 2021
Günter von Au	16 667	16 817	90 798	73 981
Ahmed Mohammed Al Umar	6 667	-	-	-
Roberto Gualdoni	5 556	-	8 200	-
Thilo Mannhardt	5 556	5 606	9 445	3 839
Geoffery Merszei	5 556	5 606	17 249	11 643
Eveline Saupper	5 556	5 606	35 112	29 506
Naveena Shastri	5 556	-	-	-
Peter Steiner	5 556	5 606	32 612	27 006
Claudia Suessmuth Dyckerhoff	5 556	5 606	30 212	24 606
Susanne Wamsler	5 556	5 606	1 195 904 <sup>3</sup>	1 190 298
Konstantin Winterstein	5 556	5 606	6 097 627	6 092 021
Abdullah Mohammed Alissa	-	6 727	-	12 667
Nader Alwehibi	-	5 606	-	3 839
Calum MacLean	-	5 606	-	11 643
<b>Total</b>	<b>73 333</b>	<b>73 998</b>	<b>7 517 159</b>	<b>7 481 049</b>

<sup>1</sup> The BoD mandate year runs from one AGM to the next AGM, which typically takes place in April. The final number of shares for the mandate year that began in 2022 will be defined prior to grant in 2023. The underlying assumption here is a share price of CHF 18.00.

<sup>2</sup> Correction needed due to adjustments of final share price at grant: Underlying assumption was CHF 18.00; Final allocation of shares with CHF 17.84; Total amount of shares granted for 2021 based on the assumed share price of CHF 18.00 as shown in the Compensation Report 2021 was 69,473

<sup>3</sup> Thereof 240 271 held by »The Honoré T. Wamsler Trust«



## Executive Steering Committee

In 2022 several personnel changes occurred to the Executive Steering Committee (previously the Executive Committee):

	Conrad Keijzer	Hans Bohnen	Bernd Högemann	Stephan Lynen	Bill Collins	Angela Cackovich	Jens Cuntze	Christian Vang
Function	Chief Executive Officer	Chief Operational Officer	Chief Transformational Officer	Chief Financial Officer	Chief Financial Officer	Business President Adsorbents & Additives	Business President Catalysts	Business President Care Chemicals
EC member until		30 June 2022	30 June 2022	30 June 2022				
Contract expires		30 June 2023	30 June 2023	30 June 2023				
ESC member from	1 January 2021				1 July 2022	1 July 2022	1 July 2022	1 July 2022

The contract expiration of the three EC members whose term ended in 2022 follows the contractually agreed 12-month notice period. No severance payments were or will be paid out to them. The handling of STI and LTI entitlements will follow the defined procedures under the respective plan rules and contractual obligations.

In parallel to the personnel changes, the overall compensation levels as well as the compensation mix was adjusted for the newly appointed ESC members. Based on the scope, size, and complexity of the role, each role was benchmarked against market data based on the Mercer Executive Compensation Guide Switzerland and additionally validated against the Mercer Executive Compensation Guide Western Europe. To be able to provide competitive compensation packages and to attract the right candidates for

each role, the targeted pay position was defined at around the 75th percentile.

In order to compensate for lost entitlements with previous employers, two ESC members received a cash payment as well as relocation support in 2022. In addition, one ESC member received restricted share units subject to a three year vesting period to compensate for lost LTI entitlements with a previous employer. These amounts are included in the total compensation as shown below.

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. All figures are stated in gross amounts.

### 2022 ANNUAL COMPENSATION TO MEMBERS OF THE EXECUTIVE STEERING COMMITTEE (FAIR MARKET VALUE = FMV) IN CHF

	Conrad Keijzer	Other ESC members <sup>1</sup>	EC members whose term ended in 2022	Totals 2022
Base salary	1 200 000	1 115 000	1 950 000	4 265 000
Cash bonus	1 224 600	864 280	1 648 500 <sup>5</sup>	3 737 380
Share-based incentive (FMV) <sup>2</sup>	1 500 000	- <sup>3</sup>	574 000 <sup>6</sup>	2 074 000
Restricted share units (FMV) <sup>4</sup>	-	262 000	-	262 000
Other benefits <sup>7</sup>	388 458	661 549	848 895	1 898 902
<b>TOTAL</b>	<b>4 313 058</b>	<b>2 902 829</b>	<b>5 021 395</b>	<b>12 237 282</b>

<sup>1</sup> Amounts reflect the compensation for the time served as ESC member

<sup>2</sup> Allocation of PSUs based on an 30-day average share price prior to grant on 8 April 2022: CHF 15.95  
The conversion from PSU into shares is done after a 3-year vesting period, depending on the achievement factor.

<sup>3</sup> No grant in 2022 for B. Collins and A. Cakovich due to joining only after the grant date; J. Cuntze and C. Vang only became ESC members after the grant date

<sup>4</sup> B. Collins received 14,862 restricted share units subject to a vesting period of three years as compensation for lost entitlements with previous employer.

<sup>5</sup> The amount includes a pro-rated bonus payout for a departed EC member.

<sup>6</sup> The amount reflects pro-rated entitlements due to the departure of EC members.

<sup>7</sup> »Other benefits« include pension contributions, social security contributions, cash payments to selected ESC members for lost entitlements with previous employers, and other benefits.





**2021 ANNUAL COMPENSATION TO MEMBERS OF THE EXECUTIVE COMMITTEE (FAIR MARKET VALUE = FMV) IN CHF**

	Conrad Keijzer	Other EC members	Totals 2021
Base salary	1 200 000	1 950 000	3 150 000
Cash bonus	1 173 900	1 896 300	3 070 200
Share-based incentive (FMV) <sup>1</sup>	1 500 004	2 100 014	3 600 018
Other benefits <sup>2</sup>	471 154	981 956	1 453 110
<b>Total</b>	<b>4 345 058</b>	<b>6 928 271</b>	<b>11 273 329</b>

<sup>1</sup> Fair Market Value of a PSU under CLIP 2021 grant on 12 April 2021: CHF 13.64  
The conversion from PSUs into shares is done after a 3-year vesting period, depending on the achievement factor.

<sup>2</sup> »Other benefits« include pension contributions for current EC members (43 %), social security contributions for current and former EC members (29 %), and other benefits for current and former EC members (28 %).

**Comments on the 2022 Compensation**

- The total compensation amount of CHF 12.2 million received by the members of the Executive Steering Committee for 2022 is below the limits of the total compensation amount of CHF 16.0 million for 2022 as approved by the stakeholders at the 2021 AGM.
- The newly appointed ESC members did not receive a grant under the CLIP 2022 in their capacity as ESC members. They will only receive PSUs under the next CLIP grant in April 2023.
- The 2022 CLIP grants of the EC members whose term ended in 2022 were prorated up to their contractual end date. The Fair Market Value shown for these three members already considers the pro-rated amount.
- The total compensation of CHF 12.2 million reflects an increase of CHF 0.9 million compared to the total compensation of CHF 11.3 million paid to EC members for the 2021 financial year. The increase is mainly driven by an increased amount of fixed compensation and other benefits due to the additional members of the Executive Steering Committee, as well as higher payouts under the company's short-term incentive plan.
- In line with the strong financial performance in 2022, STI target achievements for BU EBITDA, BU Cash Flow, and LC Growth increased for all business units, resulting in an increased average BU achievement of 90.3 % in 2022, compared to 87.9 % in 2021. The target achievement for Top Priorities increased to 100 % in 2022 (88 % in 2021).
- Target achievements for the two Group financial KPIs ROIC and Operating Cash Flow were determined at 100 % (100 % in

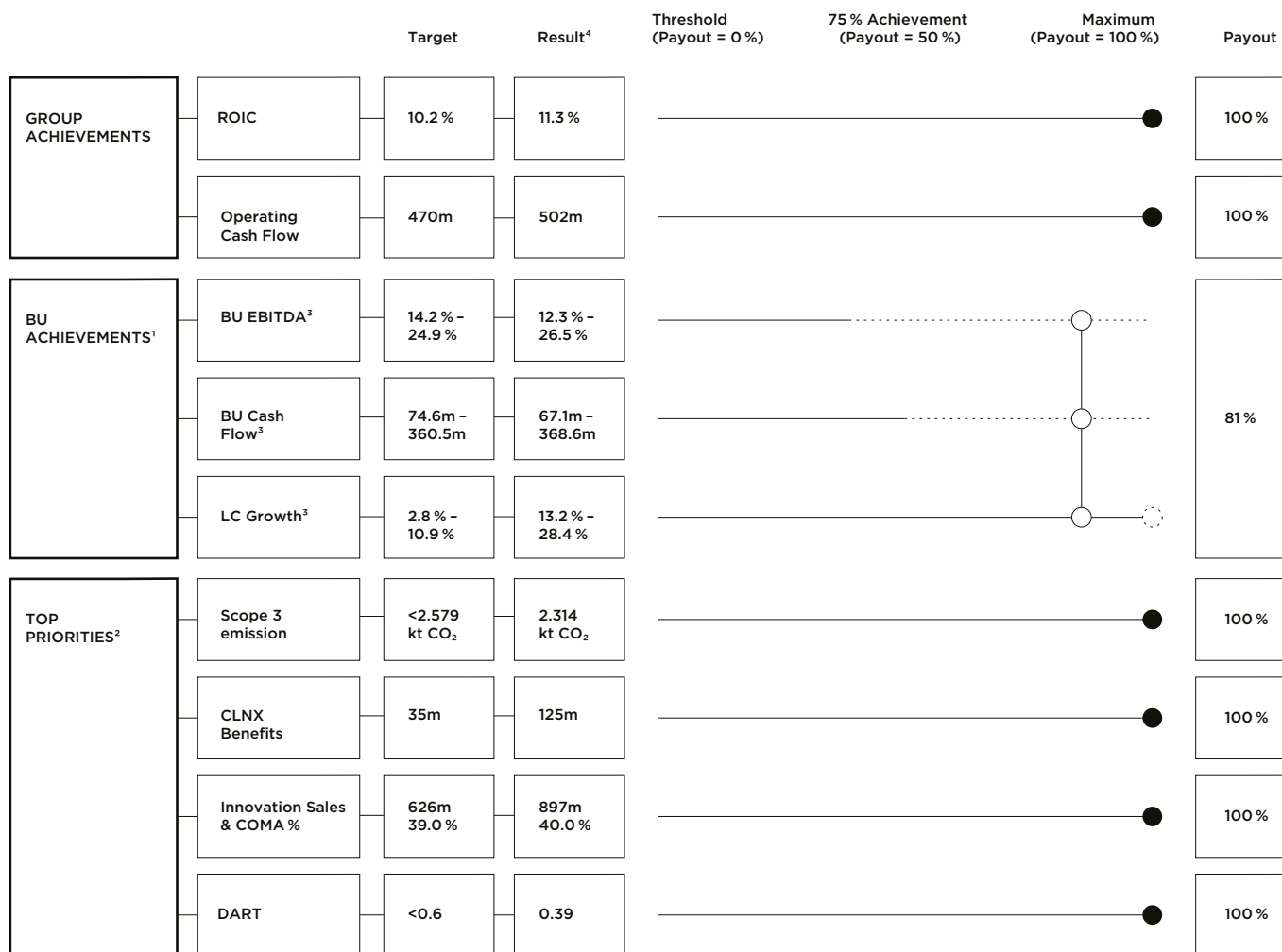
2021). In accordance with Article 33 of the Articles of Association, the Board has the authority to adapt performance targets in extraordinary cases. In 2022, the BoD decided to adjust the achievements under the incentive plans by excluding impairment charges of CHF 453 million for North American Land Oil divestment and the Podari plant as well as the restructuring charge of CHF 39 million for implementation of new operating model.

- Overall, the payout percentage under the short-term incentive plan for the CEO, CFO, and the EC members whose term ended in 2022 increased to 94.2 % for 2022 compared to 90.3 % in 2021. Payout percentages for the Business Presidents under the 2022 short-term incentive plan range from 94.2 % to 100 %.
- The actual 2022 compensation for the CEO represents a pay-mix of 28 % base salary, 28 % cash bonus, 35 % share-based incentive (FMV) and 9 % other benefits. As none of the other ESC members/EC members served a full period, the disclosure of the actual paymix would not be comparable.
- In 2021 and 2022, no loans or credits were outstanding and/or granted to the CEO, other EC members, former EC members or their related parties, as stipulated in the Articles of Association.



The chart below shows additional details for the Group KPIs used in the short-term incentive plan for the CEO. For each KPI, the chart includes the target performance, achieved performance, and the resulting payout percentage.

013 2022 STI PERFORMANCE SUMMARY



● Achievements ○ Average BU Achievements ○ BU Performance Range

<sup>1</sup>Excluding BFD <sup>2</sup>Group target <sup>3</sup>Range of targets for the five continuing BUs <sup>4</sup>Figure shows result after adjustments



The actual share ownership of the members of the ESC is shown below. No options were held on 31 December 2021 or on 31 December 2022.

**2022 NUMBER OF SHARES HELD BY THE MEMBERS OF THE EXECUTIVE STEERING COMMITTEE**

	Number of PSUs/RSUs granted in	Number of PSUs granted in	Number of unvested PSUs/RSUs as of	Number of unvested PSUs/RSUs as of	Number of privately held shares as of	Number of privately held shares as of
	2022 <sup>1</sup>	2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Conrad Keijzer	94 044	109 971	204 015	109 971	-	-
Bill Collins <sup>2,3</sup>	14 862	-	14 862	-	-	-
Angela Cackovich <sup>2</sup>	-	-	-	-	-	-
Jens Cuntze <sup>2</sup>	-	-	-	-	55 940	-
Christian Vang <sup>2</sup>	-	-	-	-	65 799	-
Hans Bohnen <sup>4</sup>	17 964	51 320	114 134	156 737	147 984	131 013
Bernd Hoegemann <sup>4</sup>	17 964	51 320	114 134	125 058	70 623	65 056
Stephan Lynen <sup>4</sup>	-	51 320	-	123 801	101 027	95 913
<b>Total</b>	<b>144 834</b>	<b>263 931</b>	<b>447 145</b>	<b>515 567</b>	<b>441 373</b>	<b>291 982</b>

<sup>1</sup> Performance Share Units represent contingency rights that will be converted into shares, depending on the performance achievement after the 3-year vesting period. Unvested PSUs do not count toward the share ownership requirements.

<sup>2</sup> No grant in 2021 and 2022; only became members of the ESC as of 1 July 2022 after the CLIP grant 2022

<sup>3</sup> B. Collins received 14,862 restricted share units subject to a vesting period of three years as compensation for lost entitlements with previous employer.

<sup>4</sup> Amounts reflect pro-rated entitlements or forfeitures due to the departure of EC members.



# Report of the Statutory Auditor

To the General Meeting of Clariant AG, Muttenz

## Report on the Audit of the Compensation Report

### Opinion

We have audited the Compensation Report of Clariant AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in the tables “2022 Annual compensation – Emoluments to members of the Board of Directors” and “2022 Annual compensation to members of the Executive Steering Committee” of the compensation report.

In our opinion, the information on remuneration, loans and advances in the attached Compensation Report complies with Swiss law and Art. 14-16 VegüV.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other Matter

The Compensation Report of the Company for the year ended 31 December 2021 was audited by another auditor who expressed an unmodified opinion on this Report on 18 May 2022.



**Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables “2022 Annual compensation – Emoluments to members of the Board of Directors” and “2022 Annual compensation to members of the Executive Committee” in the Compensation Report, the consolidated financial statements, the financial statements, the review on performance, people and planet and our auditor’s reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors' Responsibilities for the Compensation Report**

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor’s Responsibilities for the Audit of the Compensation Report**

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.



As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Martin Rohrbach  
Licensed Audit Expert  
Auditor in Charge

Cyrill Kaufmann  
Licensed Audit Expert

Basel, 1 March 2023

Enclosure:  
- Compensation Report

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**Credits**

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