Annual Report
2015

what is precious to you?

Financial
SUMMARY

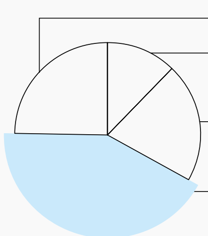
KEY FIGURES in CHF m

	2015	2014
Sales[1]	**5 807**	6 116
EBITDA before exceptionals[1]	**853**	867
EBITDA margin before exceptionals[1] (%)	**14.7**	14.2
EBIT before exceptionals[1]	**596**	585
Net income[1]	**227**	235
Basic earnings per share[1] (in CHF)	**0.67**	0.55
Adjusted earnings per share[1] (in CHF)	**1.01**	1.12
Operating cash flow	**502**	334
Investment in property, plant and equipment	**374**	310
Research & Development expenditures[1]	**204**	213
Total assets	**7 461**	7 915
Equity	**2 494**	2 733
Equity ratio (%)	**33.4**	34.5
Net debt	**1 312**	1 263
Gearing ratio (%)	**53**	46
Employees	**17 213**	17 003

[1] Continuing operations

SALES BY BUSINESS AREA

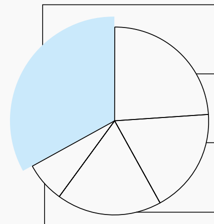
Group sales: CHF 5 807 m



Care Chemicals	**CHF 1 445 m**	**25 %**
Catalysis	**CHF 704 m**	**12 %**
Natural Resources	**CHF 1 217 m**	**21 %**
Plastics & Coatings	**CHF 2 441 m**	**42 %**

SALES BY REGION

Group sales: CHF 5 807 m



Europe	**CHF 1931 m**	**33 %**
Asia-Pacific	**CHF 1373 m**	**24 %**
North America	**CHF 1077 m**	**18 %**
Latin America	**CHF 1021 m**	**18 %**
Middle East and Africa	**CHF 405 m**	**7 %**

We create value through appreciating the needs of:

- **our customers by providing competitive and innovative solutions**
- **our employees by adhering to our corporate values**
- **our shareholders by achieving above-average returns**
- **our environment by acting sustainably**

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»GlucoTain® is unique in improving essential product characteristics e.g. for shampoos and provides high sustainability standards.«

KATARZYNA KITA
Global Application Development Manager
Personal Care

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»With Ecosil®LE, Clariant provides the option to reduce harmful emissions in the foundry industry by up to 80 %.«

THOMAS ENGELHARDT
Lab Head Application Development EMEA
and inventor of the LE Technology

DISCOVER CLARIANT	Group-Sales in CHF m	Sales growth in LC[2] in %	EBITDA[1] margin in %	Operating cash flow in CHF m
	5 807	**+ 3**	**14.7**	**502**

DISCOVER VALUE in the four Business Areas	Care Chemicals	Catalysis	Natural Resources	Plastics & Coatings
Sales in CHF m	**1 445**	**704**	**1 217**	**2 441**
EBITDA[1] margin in %	**18.8**	**25.1**	**16.9**	**12.8**

[1] before exceptional items, [2] local currencies

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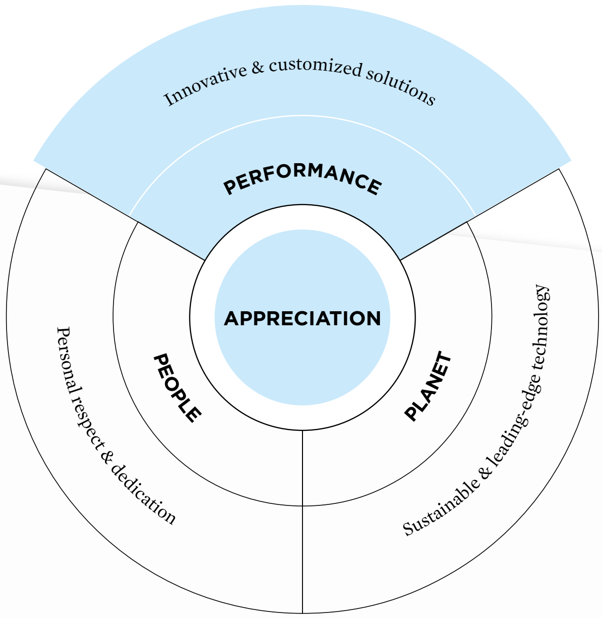
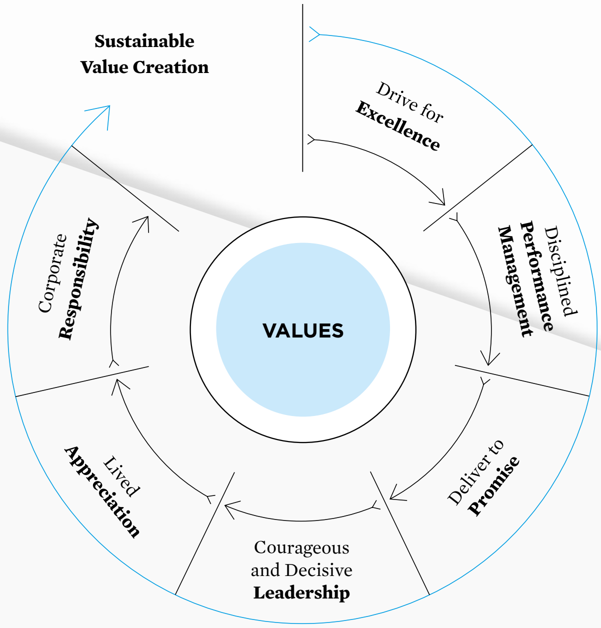
»With Easy Dispersible Pigments you save time, money and energy in the manufacturing of paints.«

THOMAS METZ
Head of Global Technical Marketing Coatings

BRAND VALUES
and the core of the brand



CORPORATE VALUES
as a foundation for sustainable value creation



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»By using AmoMax®-10 catalyst, significantly less energy is needed in fertilizer production.«

TAYLOR ARCHER
Global Director of Sales and Product Management – Ammonia and DRI Catalysts

THE FIVE-PILLAR STRATEGY
to increase performance

1 **Increase Profitability**

2 **Reposition Portfolio**

3 **Add Value with Sustainability**

4 **Foster Innovation and R&D**

5 **Intensify Growth**

Index
ANNUAL REPORT 2015

»We will create **ADDITIONAL VALUE«**

Mr. Kottmann, Discover Value is the motto of this annual report. What is behind this theme?

—

HARIOLF KOTTMANN Today our global markets are very dynamic and constantly changing. For this reason, a company that seeks long-term success must also embrace continuous transformation and evolution. Clariant has done this successfully in the past few years. But in order to reach our goals – such as the targeted EBITDA margin before exceptional items of 16 % to 19 % – we will need to create additional value beyond what has already been achieved. To do so, our corporate culture must also continue to change. To put it plainly and simply, everyone in the company from the managers to the employees should think like entrepreneurs. In other words, they must make it their personal business to generate additional value for the company, our customers and shareholders. That's why we have made »Accelerate Change – Discover Value« our guiding theme.

How did Clariant perform in 2015?

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RUDOLF WEHRLI We can be really proud of our achievements. All companies operating globally have faced changing conditions in the year 2015. There were major challenges to contend with in emerging markets. Growth in China was weaker than in the past, and Brazil was in a deep recession. However, economic activity in the USA progressed very positively. It is precisely these kinds of situations that show whether a company is well prepared and able to act with foresight, whether it has positioned its portfolio and structure to be flexible, whether it drives innovation and whether it is able to recognize future trends. Clariant grew strongly in Brazil in local currency in 2015 despite the local economic problems. Sales also increased in North America. Profitability has also increased substantially within the Group. This demonstrates the strength of our company. We are well positioned for different economic scenarios.

Does this mean that Clariant has achieved its targets for the year?

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HARIOLF KOTTMANN Yes, we achieved sales growth of 3 % in local currencies. Our EBITDA margin before exceptional items improved from 14.2 % to 14.7 % – making this the seventh year in a row it has increased. This shows that we have the right strategy to focus on growth markets with above-average profitability. We are particularly pleased with operating cash flow. After the portfolio adjustments of the past few years, we have also demonstrated our strength in generating operating cash flow in 2015.

How would you like to use the funds?

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RUDOLF WEHRLI First of all, we would like to give our shareholders an appropriate share in the company's success. At the Annual General Meeting on April 21, the Board of Directors and the Executive Committee will propose to distribute an unchanged dividend of CHF 0.40 per share for the 2015 financial year.

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HARIOLF KOTTMANN We will also further invest in external growth. This may include smaller bolt-on acquisitions for certain technologies or interesting markets and regions. Of course, we would not rule out even larger, more transformational acquisitions, but they would need to make strategic sense and offer substantial value creation.

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RUDOLF WEHRLI
Chairman of the Board of Directors

—
HARIOLF KOTTMANN
Chief Executive Officer

»We will give our shareholders an appropriate share in the company's success.«

RUDOLF WEHRLI
Chairman of the Board of Directors

Where are you planning to invest more?

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HARIOLF KOTTMANN Like last year, it is all about increasing our competitiveness at all levels and making targeted investments in research and development and in the development of the most interesting markets for the long term. North America, currently the largest specialty chemicals market, and China, the future number one, remain in focus. I am convinced that China's economy will continue its positive growth after the ongoing, necessary consolidation. We have expanded our activities substantially in India and Indonesia – fast growing markets for specialty chemicals – and we will continue to do so in the future. The same applies for Latin America, especially Brazil, where we see considerable potential despite the current recession.

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RUDOLF WEHRLI And of course, we are also focusing efforts on our innovation pipeline, which must be filled on a continuous basis. We currently have more than 300 large, important innovation projects, including more than 60 with double-digit million sales potential.

On 1 January 2016, the Business Area with the biggest share of sales, Plastics & Coatings, was legally separated. Does this mean that you plan to sell these businesses?

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HARIOLF KOTTMANN We have spun off businesses in Plastics & Coatings into legally independent subsidiaries in order to fully exploit its appreciation potential for the company. The Business Area makes important contributions to our cash flow but in order to maximize their value creation we have to manage these businesses differently. By creating separate subsidiaries, we also increased flexibility for the future.

»Despite the difficult economic environment, we look back on another year of increasing profitability and growth.«

HARIOLF KOTTMANN
Chief Executive Officer

Has making the topic of sustainability one of the five strategic pillars of the Group paid off?

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RUDOLF WEHRLI As Chairman of the Board, I am impressed with how much Clariant has grown in just a few years from being a rather conservative company in terms of sustainability to becoming a role model. This is underscored by the fact that Clariant moved up to the top four of the chemical industry worldwide in the Dow Jones Sustainability Index in 2015. And just this January, RobecoSAM, an investment specialist focusing on sustainability investing, recognized us for the very first time with a Silver Class distinction for outstanding sustainability performance. The claim to being one of the top names in the industry, in terms of sustainability, also coincides with our corporate vision of becoming the global leader in specialty chemicals.

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HARIOLF KOTTMANN Sustainability is not an image factor for us. Our business operations benefit from sustainability much more directly. An increasing number of customers and suppliers attach great importance to sustainable economic activity and expect appropriate solutions from us. Our innovations help to meet these expectations. We have documented our claim to sustainability with our EcoTain® label, a seal of approval for products that are produced in a particularly sustainable manner. The EcoTain® label means that the products feature an excellent sustainability profile throughout their entire life cycle, from raw material to disposal. Clariant verifies and documents this based on 36 well-defined criteria. Besides additional positive revenue contribution, sustainably-manufactured products are also distinguished by significantly higher profitability. We also save money on the cost side through reduced use of resources and lower energy consumption.

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RUDOLF WEHRLI Sustainability therefore contributes to value enhancement in every respect – for the company, our customers and society – and thus again for the shareholders.

Give us an outlook. What can we expect from Clariant in 2016?

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HARIOLF KOTTMANN Despite a persistently difficult economic environment, characterized by increased volatility in commodity prices and currencies, we expect a further increase in sales and profitability. We want to continue to grow in local currencies, and come a step closer to our mid-term margin target of 16 % to 19 %. Our operating cash flow should substantially improve. We will consistently pursue our strategy with a focus on increasing profitability, on portfolio management, value creation through sustainability and innovation, and the expansion of business activities in markets with above-average growth potential.

Your shares have had a solid performance again in 2015. There also has been takeover speculations. Is there any truth to these rumors?

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RUDOLF WEHRLI Not only in 2015 but also in recent years, we have proven that we are able to create sustainable value for our stakeholders out of our own strength as a standalone company. This is also reflected in the chemical indices, in which we have significantly outperformed in recent years.

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HARIOLF KOTTMANN Being on the wish list of some companies indicates that we are doing something right. However we must not forget what the purpose of our business is: We will do whatever is necessary to bring the company forward and to further create value for our stakeholders.

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RUDOLF WEHRLI I would like to add another important point. We are convinced that we are an attractive investment case for long-term investors like our principal shareholders who stand by us. We have set the company on a profitable course for the long term. Today Clariant stands for sustainable value creation.

HARIOLF KOTTMANN

Born in 1955
Chief Executive Officer (CEO) since 1 October 2008
Member of the Board of Directors since 10 April 2008

RUDOLF WEHRLI

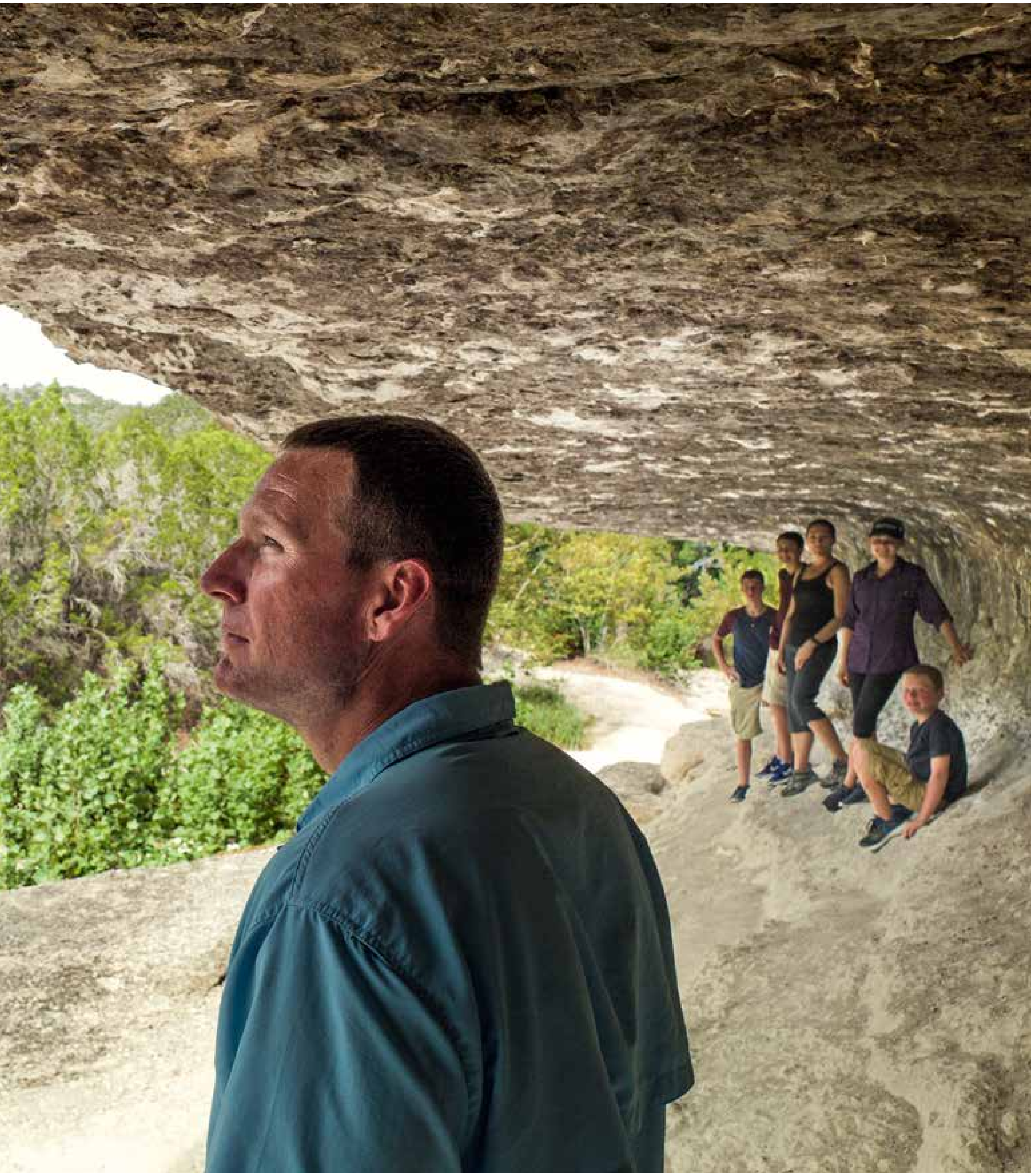
Born in 1949
Chairman of the Board of Directors since 27 March 2012
2008 – 2012 Vice Chairman
2007 – 2012 Member of the Board of Directors

—
JAMES BEGEAL
Pleasanton, USA

One CLARIANT

A success story from America. First the championship football team at a college in Oklahoma, now an Oil & Mining Services team in South Texas with more than 40 teammates and a family with four children near San Antonio. District Manager James Begeal likes teams, and teams like James Begeal. This is evident in the special story of a leader who sees himself as a servant.

Concept and photography by Jo Röttger
Text by Bertram Job




Philippians 4:13
I can do all things
through Christ


CLARIANT


CLARIANT

»Look at that! These are all samples of the same substance, but each of them has a slightly different color. Very light, gold, almost black… Yes, Sir! And the viscosity—always different. Isn't it fascinating?«

James Begeal welcomes his guests on company grounds on this bone-dry afternoon. Not far from the small table by the side door, on which a number of glass containers are placed, are fresh oil samples from various sources, several thousand meters deep, which will later be analyzed in the in-house laboratory. The introduction into his profession couldn't be more vivid. Here, in South Texas, beyond San Antonio, pretty much all activities revolve around constant oil production.

The sign next to the entrance states »Clariant Oil Services. Future Home and Laboratory«. For most, it may just be one of the many inconspicuous business buildings that stretch along State Highway 281 towards the small town of Pleasanton. Yet for the tall, athletic mid-30 year old standing in the blazing sun among tanks and barrels, it is the fulfillment of a personal dream.

James Begeal has always wanted to build his own team in order to be successful on a larger scale—a team made up of engaged individuals whom he trusts without reservation, and manages with a contemporary leadership style. According to him, he wanted to »form a culture« where there is left and right but no top and bottom: »Even though the team looks at me as their boss, I'm just like them. And what they say is important. As an individual, you never know more than half of the group.«

Now he has this team, of more than 40 engineers, all skilled workers and drivers hailing from Texas, Mississippi, Egypt and China. As District Manager for Oil & Mining Services, it is Begeal's job to make sure his team in Southern Texas establishes relationships with large oil and gas producers. These businesses will always require chemicals for the right consistency of crude oil as well as a variety of services and consulting.

»What they get from us is a business partner; they get service, they get solutions,« Begeal eloquently explains. »Sometimes even before they realize their problems themselves. We listen and we respond to the needs of the producers. That's what sets us apart.«

There must be something to that, as evidenced by the results. Several days later, during the monthly »All Hands« meeting on Friday, the district manager has the pleasure of presenting a positive interim status report to his team. The targeted annual revenue for 2015 has already been achieved by mid-October. By year end, it will have been significantly exceeded. This puts them »years ahead« of the internal schedule. For the leader who doesn't want to be a boss, this is a welcome opportunity to confidently take a bow.

»This would not have been possible without your strong commitment,« he says, as he looks proudly through the ranks. »Thank you all! It is a great pleasure to work with this team and I think it is the best team I've ever been on.« The office conference room is filled with applause. The coffee pots, fajitas, rice and salad are then brought in for the celebration.

With the oil and the men who work hard to draw it from the earth, no other industry sector has so markedly characterized South Texas over such a long period of time. The 100-meter-high spout of the first well at Spindletop near Beaumont initiated the first oil boom in the Gulf of Mexico in 1901. As far back as the thirties more oil came out of Texas than in any other US state. Around 1970, »Peak Oil« was reached – the critical point where production reached its highest level.

Contrary to most predictions, however, the downturn has recently come to an end. New technologies such as horizontal drilling and fracturing, which are heatedly debated in Europe, have allowed access to deposits that were unreachable 20 years ago. This is especially true for »Eagle Ford« – a huge slate formation which extends several thousand meters deep from the north of Houston into Mexico. Through these discoveries, a new oil boom started a few years ago in low profile areas like Pleasanton in Atascosa, despite declining oil prices.

Drilling rigs and »Horsehead Pumps« (beam pumps) set the scene in this barren landscape. Interim equipment storage facilities and petrochemical plants appear every few miles. Massive tankers and trucks move quickly along the roads bordered by farm land and prairies. In their cloud of dust, James Begeal covers the 50 miles from his home on the edge of San Antonio to his office at the crack of dawn. He is almost always in a great mood, since every new day means a new promising experience. »Today is gonna be a wonderful day,« is his favorite way to greet people when he stops by the gas station for coffee.

And which work environment could be more exciting? Where James would embark on his professional journey one day was already a topic of discussion when he was growing up in Sundown, 15 miles west of Houston. In the energy capital of the world, several parents of friends were working in the oil and gas business. The tall company office towers at the city center can be seen all the way from the suburbs. »This has always been a part of me,« says Begeal, »I had just not yet had the opportunity to enter the business.« The opportunity came at a later stage when a friend took him along to his weekend job: delivering materials to the oil fields by truck.

»The people there are always dirty, rough and tough,« he explains. »Some yell at each other, others are more cordial. But they are also smart and very determined to reach their goal. And there is lots of camaraderie among them…«

»Hard work always pays off.« That's what grandpa Walter preached, who spent a lot of time with his grandson. Grandpa Walter was an old-school entrepreneur who made millions with a transportation company in Brazil but always remained extremely frugal. As was James' father, a former Green Beret who later on as a police officer tracked organized crime in Houston. His son James, the only one of three children who stayed with his father after the divorce, had to take care of all the household chores. But he doesn't regret the abrupt end to his childhood: »I enjoyed being responsible. I have a passion for it.«

Attending college would hardly have been possible under these circumstances. But due to his accomplishments in American football, the young man was given a scholarship to Northwestern Oklahoma State University (NWOSU) in Alva, a small town with 5 000 residents. This was the initial manifestation of his family's work ethic. James won the coveted defensive lineman position not based on his natural talent, but because of his ambition and lots of training. The same ambition inspired him while attending law school.

Today, it is without a doubt that he wants those around him to succeed – first and foremost, his teammates. He wants to be a »Servant Leader« to them, not a classic manager – on par with Robert K. Greenleaf, the founder of the theory of the selfless leader. He strives to be the kind of leader who puts the development of his teammates above everything else, putting into practice what he learned in school. And there is one more difference: »Managers demand respect. Leaders earn respect.«

Almost everything is permitted at the facility – except for these three phrases: »We can't,« »We try,« and »This is not my job.« The leader enforced this from the beginning. He is convinced that every person has unlimited potential and simply has to be placed in the right position to develop it. With this approach, he is always buddy and coach at the same time. Begeal notes, »I want people on my team to accomplish things that no one has done before, and it is my responsibility to support them.«

On this glorious morning, the day starts with the coffee machine in the kitchen. Begeal turns it on as soon as he gets to the office. For a long time, this first task of the day has symbolized Begeal's understanding of what it is to be a servant of his team – through his willingness to perform a simple service that is traditionally reserved for the team assistant or somebody else, but not for the boss.

Perhaps it's because James Allen Begeal, born in 1980, has always been happiest in a community – like in Sundown, when he played street basketball with boys from the neighborhood, or when they built huts from tree branches at the nearby canal. And in Alva, on the NWOSU Rangers football team, it was the same.

They played in the national college championship two years in a row. They won the first year (1999), and Begeal was voted into the All-Conference Team in 2001 – the team made up of the best players in the division. Overall, they probably didn't have the strongest team. »But we went undefeated,« reminisces James. »We had the best winning culture, the best atmosphere. And once a positive culture is in place, the sky is the limit.«

This experience was more than just about sports. It demonstrated what is possible when everyone serves a common goal. He is convinced that »You can be a good team member and work very hard and rise to your potential. Or you can be a bad teammate and not work hard, and the team suffers. But either way, you have a decision to make, and your decision affects other people around you.«

Begeal certainly made his decision. Wherever he led a team after obtaining his law degree, it soon became more successful: the shipping and logistics department of a company in Houston, three different departments of the same company in Oklahoma, in Sugar Land, Texas, and again in Houston. His formula is always the same and sounds almost too simple: »Help people achieve their goals and they're going to help you achieve your goals. But the people come first.«

There are plenty of leaders who know how to hide their cynicism behind phrases that sound good but don't really mean anything in practice. If you accompany Begeal throughout his days and weeks, however, you will find no gap in his performance. He is always available, from early morning to evening, to help team members reach an agreement with business partners or prospects. He constantly changes his language when speaking with men on the oil fields, engineers and decision makers, but he always sends the same message: I am interested in what you have to say, and if it makes sense, we can work together.


4x4


TITANS
TITANS
FOOTBALL
TITANS
FOOTBALL


CLARIANT
CLARIANT
Oil Services


CLARIANT


LUFKIN
LUFKIN
LUFKIN


ROBERT & GLENDA LEHNHOFF STADIUM


A CHURCH FOR
EVERYDAY PEOPLE
GUEST
and
HANDICAP
PARKING

After all, business in Texas is conducted »casually.« In a barbecue shack in Nixon, a one-horse town in the county of Gonzalez, Begeal and two teammates, together with two representatives of a large energy company, enjoy a meal of smoked meat before getting down to business. It almost appears incidental when he pulls his laptop out of his backpack with freshly cleaned fingers in order to present a new, cost-reducing solution for an old production problem. The interest in it is obviously great, and if a business transaction develops from the meeting, it will involve several million dollars.

Maybe at some point, attorneys in elegant offices will finish up sealing this new deal later on. But the decisive factor is whether the two representatives, Casey and Kenny, trust James and his guys, and whether they can make their mark in their own organization with what they were shown on the computer – almost as if it had been their own idea. For their counterpart, who is already in his pick-up truck again, that is slightest problem. As Begeal reflects, »If it would be just about the credit, I'd be just like everybody else. My goal is to make Clariant as much money as I can by being responsible to my team and my business partners.«

In the late afternoon, James Begeal is already with the next group, the next shift. He is still wearing his jeans made of fireproof material when he interacts with the newest football recruits on the high school grounds in Schertz. He arrived 30 minutes early at the training site with his eight-year-old son Tyler to practice throws and catches. That is part of their plan, because what is the mantra so often repeated from father to son? »To beat the best, you have to work harder than the best.«

It is already getting dark when the two high-five each other at the end of practice and drive home in the Silverado. Home for them is in Turning Stone, in a small cul-de-sac in an expansive development of new homes. All the homes built here appear to be constructed from the same earth-colored bricks with basketball hoops in the driveways and perfectly trimmed lawns. Those who live here primarily want to be safe. They don't necessarily want to be unique or different from their neighbors.

The Begeals were the first ones to move into their home. James' second wife, Kelly, an energetic woman with chestnut-brown eyes, remembers the move-in as being a little scary at first. They each brought two children into the marriage, and each child needs to be driven to sports activities at least twice a week. Kamille, also known as »Kammy,« the oldest, goes to wrestling. Coulton, also known as »Cole,« goes to karate. And then there are Wyatt, or »Wy,« and Tyler also known as »Ty,« the two football players. Plus, there are four dogs of various sizes, a lawn behind the house, and a terrace, where Kelly's husband likes to grill steaks for fajitas.

Begeal never would have needed this much space and comfort for himself. »I'm happy in a box,« he says. But this is really all about his second attempt to establish a trusting team that sticks together. That's why they hike together through the state parks, pray together before meals and attend worship service on Sundays at a »Church for Everyday People.« James believes that some divine power gave him the strength to make it through the difficult phase of being a single parent working full time. »There was no way I could do that on my own,« he remembers. Since then he has become a faithful Christian.

There is an open kitchen between these walls, but no television screen and no junk food. There is a lockable cabinet with pistols and rifles – self-defense Texas style – and an aphorism on the wall behind the dining table below a row of crosses that reads: »God bless this house with love and laughter.«

James hopes to stay here for the next several years, especially to take advantage of the high-quality schools in the area for the children. Furthermore, there are still lots of reserves in the so-called »Eagle Ford.« This solidifies the future in this key sector as well as for James Begeal. For now, he can continue to live his life and focus his attention in Turning Stone as well as around Pleasanton. He muses, »I like the freedom of being outside. This is a great mix of business and cowboy.«


FLOUR


THEATER
DISTRICT
PARKING


600
Louisiana

One Clariant **AROUND THE WORLD**

2015

»Help people achieve their goals and they're going to help you achieve your goals. But the people come first.«

JAMES BEGEAL
South Texas District Manager – BU Oil & Mining Services
Pleasanton, USA

www.clariant.com/OneClariant/AnAmericanStory

2014

»If you respect people's dignity, teamwork becomes incredibly finely tuned.«

MINI NAIR
Global Topic Expert & Sales Manager – BU Masterbatches
Navi Mumbai, India

www.clariant.com/OneClariant/MinisMomentum

2013

»We are an innovative and at the same time democratic company, have transparent procedures when selecting staff, and promote a variety of talents.«

MARCIA REGINA DA SILVA RIOS
Head of Industrial Application LATAM – BU Industrial & Consumer Specialties
São Paulo, Brazil

www.clariant.com/OneClariant/OneWomansPath

2012

»Consensus is important. I always try to reach it in dialog with my employees, for as we say in China: three individuals together equal one genius.«

QINGLIN ZHENG
General Manager – BU Industrial & Consumer Specialties
Zhenjiang, China

www.clariant.com/OneClariant/QinglinsJourney

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»ONE CLARIANT«
is an artistic undertaking, presenting the life and work of Clariant employees from all over the world in the Annual Reports from 2012. Discover more.

The Clariant Story
CREATING VALUE FOR THE NEXT LEVEL OF PROFITABILITY

Clariant has set ambitious goals for itself with regard to profitability: Mid-term, the EBITDA margin before exceptional items should improve to a target range of 16 % to 19 %. After a period of extensive restructuring and a far-reaching portfolio reorganization in the past few years, the company is showing clear signs of growth and additional gains in efficiency. In order to create additional value, continous change in the company is necessary.

The topics of cash flow, cost reduction and complexity reduction were the focus of the 2009 – 2010 restructuring. Numerous locations had to close, and more than 4 500 employees left the company. As a result, the financial foundation was created in order to be able to actively shape the company's portfolio again. This happened in 2012 after the acquisition of Süd-Chemie in 2011 and the subsequent separation of less profitable and slower-growth businesses. Clariant introduced a new value system in order to renew the corporate culture. A reflection of the changes in the Group are the definition of a corporate vision and mission and a new brand identity.

Value creation through appreciation

Clariant's vision is to become the globally leading company for specialty chemicals, and to stand out through above-average value creation for all stakeholders. The path to this point is guided by a clearly-defined mission, which is based on building leading positions in the businesses the company is active in, and in adopting functional excellence as part of the corporate culture.

We create value through appreciating the needs of:
· our customers – by providing competitive and innovative solutions
· our employees – by adhering to our corporate values
· our shareholders – by achieving above-average returns
· our environment – by acting sustainably

Value creation through continuous change

Our era is characterized by dramatic shifts in economic power blocs as a result of unstoppable globalization. New markets have emerged that have become growth drivers and, as in the case of China, the global economic engine. However, 2015 has shown that successful companies should not focus on these markets alone because there are also times of consolidation and reorientation. Companies such as Clariant must be able to react more flexibly and quickly to the resulting changes. The most important thing is therefore a lean structure, the ability to address all stakeholder groups equally with their specific wishes and needs.

»We must exploit all of today's change processes to build momentum and reshape Clariant for the future.«

CHRISTIAN KOHLPAINTNER
Member of the Executive Committee

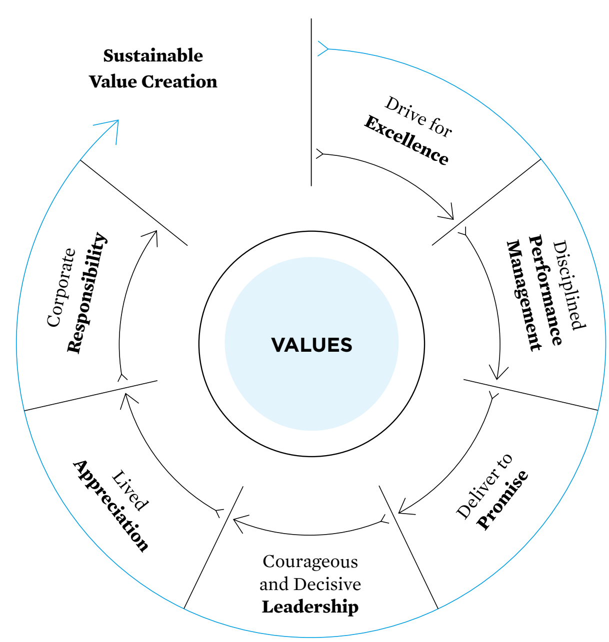
Accelerate change - discover value

The change in mindset according to the corporate culture is just as important as the restructuring of the Group and its operational structures. In the last few years, Clariant has consistently positioned its business portfolio on above-average profitable businesses in markets with high growth potential and good pricing power. In order to generate additional value, the company has to accelerate the change process. A new quality of change is needed, a change in mindset and behavior, a cultural change coming from deep within the organization. This bottom-up movement starts with each employee. Each day, they need to ask the question: What does my customer want? Where is the added value for them? What does this mean for me and my company? »Discover Value« is the company's attitude to accelerate change. It's a mandate for all employees and it's an invitation to explore Clariant's activities.

Values for a performance culture

Sustainable value creation for all its stakeholders and for Clariant as a whole requires the alignment of all business on central factors that are inextricably linked and built upon each other: Driving for excellence, disciplined performance management, delivering to promise, courageous and decisive leadership, lived appreciation, and corporate responsibility.

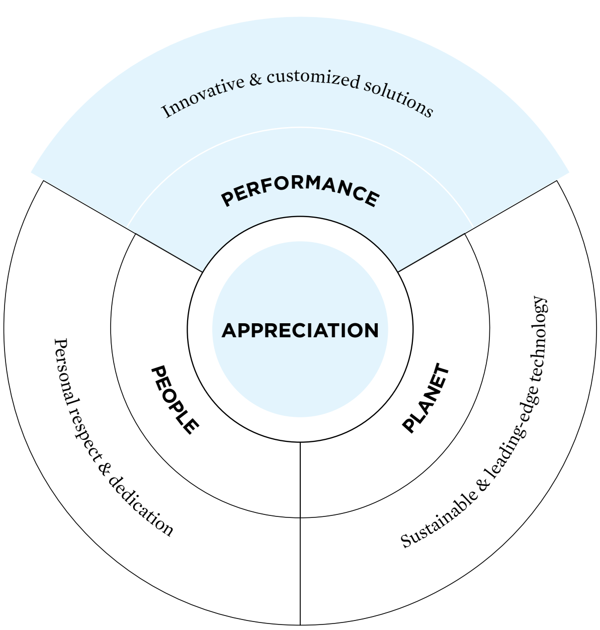
CORPORATE VALUES
as a foundation for sustainable value creation



A value system focussing on performance, people, and planet

Sustainable company successes and value generation can only be realized in a corporate culture that is embraced by everyone involved, and which achieves a balance between business performance, social interests, and environmental targets.

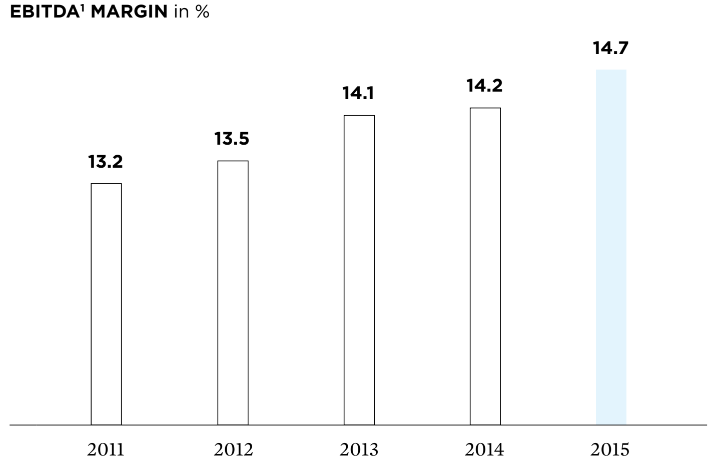
BRAND VALUES
and the core of the brand



Performance: Progress in profitability

Despite a challenging economic environment and unfavorable currency developments, Clariant was able to achieve the financial targets for the business year 2015. Sales in local currencies improved by 3 %. The EBITDA margin before exceptional items, the key performance indicator for the Group's profitability, increased by 50 basis points to 14.7 %. Additionally, the cash flow from operating activities reached CHF 502 million, 50 % above the previous year's level.

EBITDA[1] MARGIN in %



[1] before exceptional items

These are successes that all employees in the Group can be proud of. For the future, the company has set a goal for further sustainable improvement in performance by which Clariant can be measured.

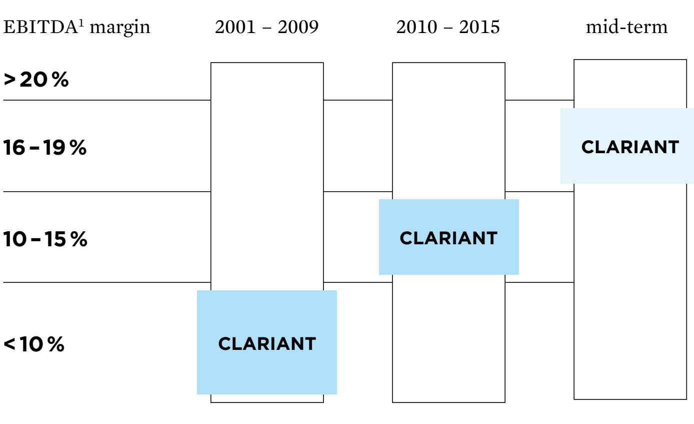
»Clariant aspires to be one of the leading specialty chemicals companies in the world by means of continued improvement in profitability and cash flow generation.«

PATRICK JANY
Chief Financial Officer

Confidence for 2016 and the mid-term outlook

Clariant expects another challenging environment for the business year 2016. Nevertheless, the company is confident to be able to post further sales growth in local currencies as well as further improvements of the EBITDA margin before exceptional items and the operating cash flow. Based on these assumptions Clariant is well on track to reach its mid-term targets of an organic sales growth above global GDP growth, an EBITDA margin range between 16 % and 19 % before exceptional items, as well as a return on invested capital (ROIC) above the peer group average.

FROM AVERAGE TO THE TOP – ADVANCING INTO THE TOP TIER IN SPECIALTY CHEMICALS



[1]before exceptional items

People: focus on the best in the industry

The employees enjoy the highest priority at Clariant and the company wants to be perceived as a preferred employer by the best in the industry.

Clariant communicates to current and future employees the values and objectives of the Group, fosters respect for colleagues and creates a working environment that is pleasant, stimulating and challenging. Clariant also provides options for its employees to develop their careers themselves through continuing education, training courses and support programs, in addition to targeted monetary motivations such as bonuses and other incentives. In 2015, Clariant also has further developed the onboarding process in this regard, which means implementing efficient and targeted training and integration of new employees in their first 100 days at the company.

Clariant wants to motivate its performance-oriented employees to make a long-term commitment to the company.

Number of employees increased slightly in 2015 – Diversity in the workforce

After completion of the extensive portfolio changes in 2011 to 2014, the focus in the year under review was on the development of growth sectors and regions. This led to a slight increase in the Group's workforce by 210 employees to 17 213. 130 new employees were added due to acquisitions, however, roughly the same number of employees left the Group due to the divestments.

THE STRUCTURE OF THE CLARIANT WORKFORCE IN 2015

Information based on full-time equivalents (FTE)	**2015**	2014
Headcount	**17 213**	**17 003**
Male	13 457	13 362
Female	3 756	3 641
Employment relationship		
Permanent employees	16 713	16 707
Male	13 106	13 164
Female	3 607	3 543
Temporary employees	500	296
Male	351	198
Female	149	98
Full-time	16 881	16 683
Male	13 394	13 303
Female	3 487	3 380
Part-time	332	320
Male	63	59
Female	269	261
Type of employment		
Employees	9 803	9 862
Male	6 651	6 764
Female	3 152	3 097
Workers	7 410	7 142
Male	6 806	6 598
Female	604	544

Employees in emerging markets at 44 %

The workforce in the European region still has the largest proportion with 45 %, followed by Asia-Pacific with 25 %. In Latin America, Clariant employs 14 % , in North America 11 %, and Middle East & Africa has 5 %. The increasing importance of the East Asia region is shown in the high number of employees in Greater China with 1 566. In the emerging markets, which are characterized by the highest economic growth, the percentage of employees of the total number of Group employees is 44 %.

EMPLOYEES BY REGION IN 2015

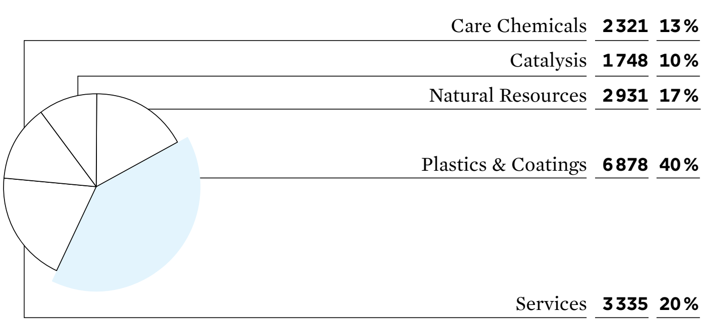
Among the Business Areas, Plastics & Coatings is the largest area from a personnel perspective with 6 878 employees (40 % of the total workforce) followed by Natural Resources with 2 931 employees (17 %). Care Chemicals has 2 321 or 13 % of all employees and Catalysis has 1 748 or 10 %.

»Our goal is to be perceived as an attractive employer by the best in the industry.«

CLAUS HEFNER

Head of Corporate Human Resources

EMPLOYEES BY BUSINESS AREA 2015 in FTE[1]



[1]FTE: Full-time equivalent

In the 2015 financial year, the Clariant Group spent CHF 1345 million (2014: CHF 1 435 million) for salaries, social welfare contributions and extraordinary personnel costs of its own employees. When adding in the cost of external staff, the Group's total personnel expenses in 2015 were CHF 1391 million. The comparable figure for the previous year was CHF 1485 million.

The issue of occupational safety shows, for example, how closely performance and people are connected with one another. The LTAR (Lost Time Accident Rate), which reflects the number of occupational accidents with at least one day of work lost in relation to 200 000 hours of work, has substantially improved as a result of training measures and investments in plant safety. This ratio has declined from 0.92 in 2007 to 0.17 in 2015 (2014: 0.23): Less work days lost also means better performance. Lost work days (LWD) saved in the past eight years corresponding to the performance of close to 60 employees during the same period.

Planet: responsible use of resources

Appreciation is also reflected in a responsible use of resources and the environment, especially as the environmental sustainability of products has become a central decision criterion for consumers. Clariant aims to set new standards in specialty chemicals with the use of leading technologies and the development of innovative solutions to improve environmental standards. The company can be measured in terms of clearly defined environmental goals.

Sustainability saves costs

The responsible use of resources and the environment in the production process at Clariant includes numerous individual measures that also have a positive impact on the cost structure, meaning the brand values Performance and Planet fit together perfectly.

The knowledge and ideas of every single employee contribute to Clariant's success. That is why Clariant motivates employees to submit recommendations for improvements in the areas of health protection, workplace safety, process safety and optimization, and environmental protection with the company suggestion scheme. For example, a total of 1700 individual suggestions were submitted at the Frankfurt-Höchst site, Germany, in 2015, which is equal to a rate of 0.82 suggestions per employee. The savings achieved this way totaled approximately CHF 185 000 for that location in the year under review, whereby the greatest savings were distributed amongst seven major projects to optimize energy consumption.

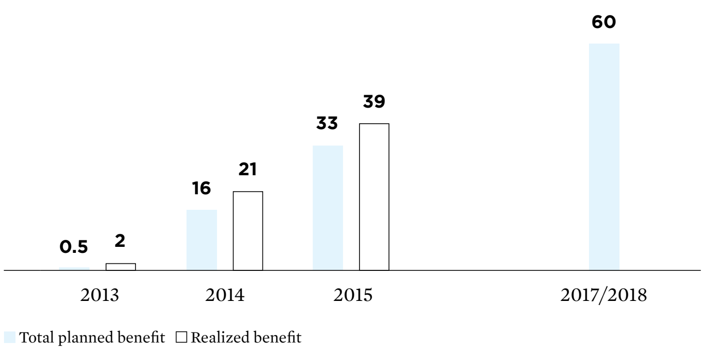
The Clariant Production System YEE (Yield, Energy, Environment) was established in 2013 as part of the Clariant Excellence efficiency improvement initiative (page 45). This focuses on cost savings and benefits related to raw materials, energy and the environment. As a result, CHF 39 million were realized over the period from 2013 to the end of 2015. The planned target is approximately CHF 60 million by 2017/2018.

COST OPTIMIZATION IN PRODUCTION

~ CHF 39 m

realized in three years through Clariant Excellence

NET BENEFIT BY CLARIANT PRODUCTION SYSTEM YEE in CHF m

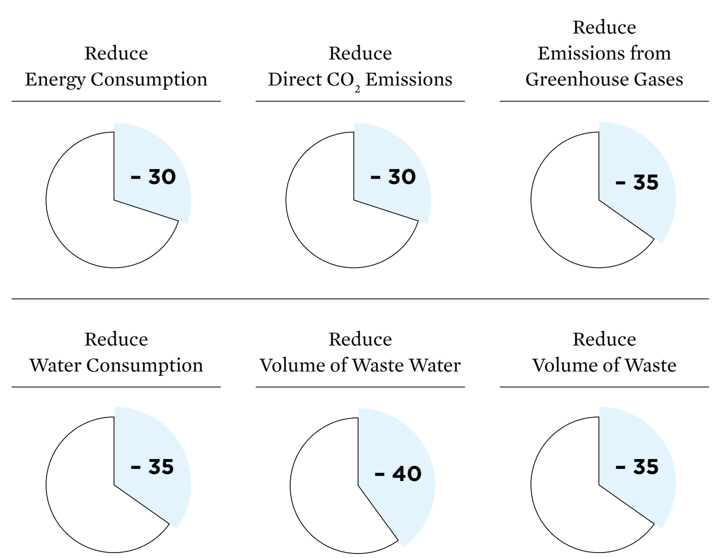


In addition, Clariant has had considerable success on the topic of energy efficiency and saves CHF 6 million every year solely from the in-house eWatch program thanks to targeted investments in the optimization of production facilities and the training of its employees. eWatch covers the entire life cycle of a plant or a production process. Outstanding examples of projects in this context include the increase in energy efficiency in the catalysis laboratory in Heufeld, Germany, where significant savings in natural gas and electricity consumption could be achieved through limited investments in the 2015 year under review. Long-term savings in steam consumption have been achieved at the Gendorf location, Germany, thanks to new exhaust steam energy recovery.

New environmental targets by 2025

Clariant first set specific environmental goals for itself in 2011, focusing on six key criteria based on emission levels of the Group. These were very clearly exceeded in relation to the reference year of 2005. Upon conclusion of the completed portfolio restructuring, Clariant has decided to define new environmental targets at the beginning of 2015 by which the Group can be measured. These relate to the reference values in the financial year 2013.

ENVIRONMENTAL TARGETS 2025 in % (per t produced goods)

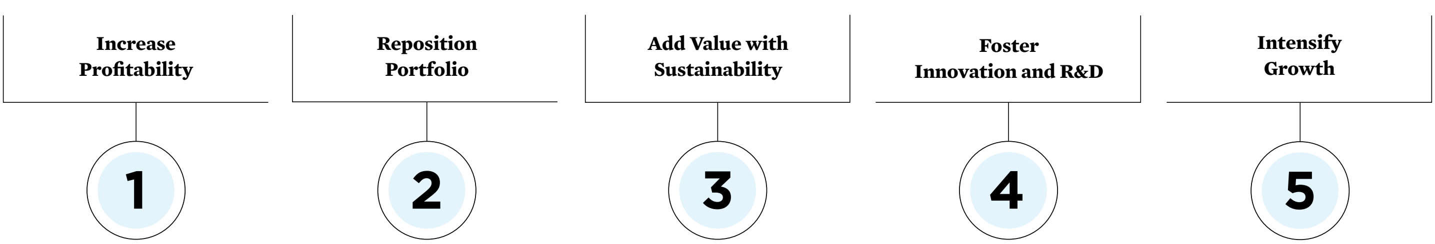


The clear commitment of the management to transparency manifests itself in the area of environmental protection. The ambitious goals can only be achieved in the future through ongoing optimization of production systems and staff training.

The Five-Pillar Strategy

In light of the challenging conditions of a dynamically changing world, an EBITDA margin before exceptional items of 14.7 % for the year under review should be considered a success and represents a further improvement over the previous year. However, the gap to the target range of 16 % to 19 % cannot be closed without additional value generation, which will take place by using the company's established five-pillar strategy: increasing profitability, repositioning of the portfolio, adding value through sustainability, fostering innovation and R&D as well as intensifying growth.

THE FIVE-PILLAR STRATEGY to increase performance



»A globally positioned company requires a streamlined service organization that is flexible and available around the clock.«

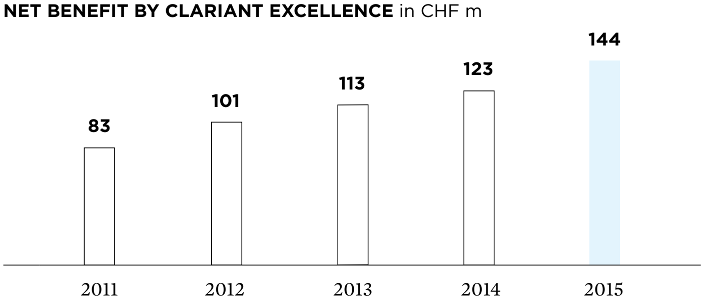
HANS BOHNEN
Head of Global Business Services

CLARIANT EXCELLENCE

CHF 564 m

cumulated net benefit within five years (2011 – 2015)

NET BENEFIT BY CLARIANT EXCELLENCE in CHF m



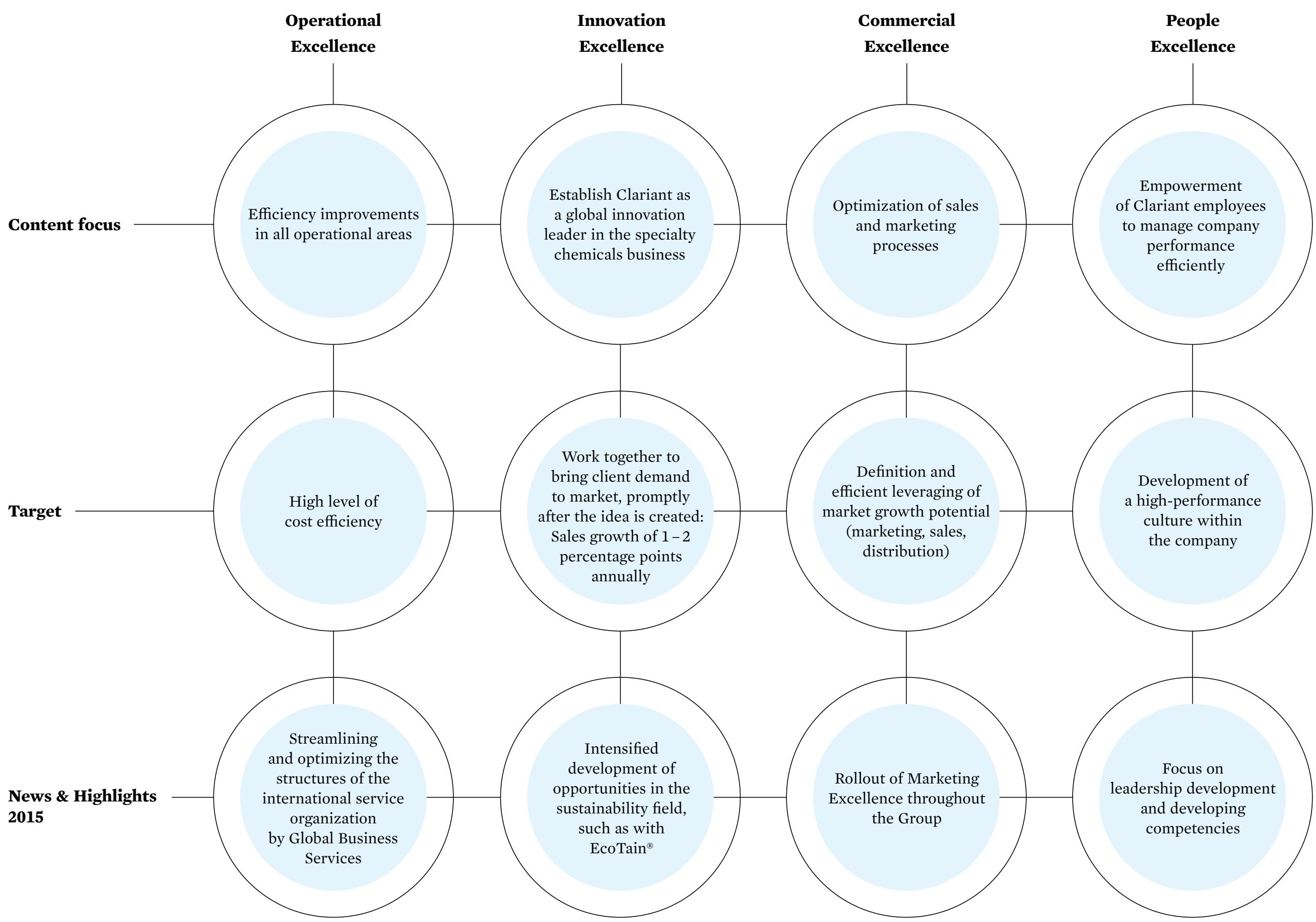
Pillar 1: Increase profitability

Discover Value through steady improvement in profitability
Cost efficiency and discipline are prerequisites for the improvement in the EBITDA margin before exceptional items. Return on earnings should thus be increased by 1 to 2 percentage points. Since 2008, the Group's break-even point was reduced by more than CHF 200 million through a variety of measures to optimize cost structures. This took place as part of the Clariant Project, the Global Asset Network Optimization (GANO) and a change process in the course of adapting the corporate culture.

Similarly, Clariant Excellence (CLNX), an initiative in which continuous improvement and cultural change are the focus, was established more than five years ago. Starting with the LeanSigma approach – a method designed to improve efficiency and quality management – CLNX has the goal of optimizing competitiveness through efficiency gains and the creation of added value for customers. Entrepreneurial thinking is the central approach here.

The employees were again the focal point of this initiative. More than 4 750 or roughly 28 % of the total workforce was trained using the Clariant Excellence Programs by the end of 2015. Full-scale active involvement of as many employees as possible as project managers or project employees (known as belts) who relay the optimization measures to all organizational areas was crucial to the success of the initiative. At the end of 2015, there were 90 Black Belts, around 970 Green Belts and close to 3 000 Yellow Belts. These employees were involved in about 1 000 CLNX projects during the year under review which resulted in additional net benefits of more than CHF 144 million. Over the past five years the positive effects from cost savings, additional revenues from efficiency improvements and optimization of net working capital have accumulated considerably to approximately CHF 564 million. And the project continues: In 2016, another CHF 100 million should be added.

CROSS-LINKING OF THE FOUR AREAS OF EXCELLENCE as a key to success



Implementation of Global Business Services

After the conclusion of the Lean Service Operations (LSO) project, the Clariant management decided to establish Global Business Services (GBS) to further enhance cost efficiency and effectiveness of the internal services processes. It is a logical outcome for a global company to make the corresponding back-office functions lean and efficient. The existing structures were changed using a shared service transition so that the entire service organization will be coordinated via two service centers in Lodz, Poland, and Mumbai, India, which are supported by local service departments. This enables for instance the entire order and invoicing process, payment management and the corresponding documentation to be handled around the clock at a significantly lower cost. Overall, the project should save around CHF 20 million per year in the medium term.

Pillar 2: Reposition portfolio

Discover Value through continued repositioning of the portfolio

Almost as important for Clariant as organic growth is taking advantage of opportunities, discovering additional value potential – through external growth or active portfolio management. The major acquisition of Süd-Chemie in 2011 has heralded an extensive phase of transformation through 2015: moving away from more mature, cyclical activities and towards those that are future- and growth-oriented with above-average revenues, profitability and cash flow potential. In total, activities with a sales volume of around CHF 1.4 billion and an EBITDA margin before exceptional items of over 15 % have been purchased in the past five years. In contrast, Clariant parted with a portion of sales equal to approximately CHF 2 billion with a profitability of below 8 %. The acquired activities meaningfully complemented the core portfolio. They help to improve market access in the emerging markets, for example, and expand value creation with the focus on important global megatrends such as environmental protection and energy efficiency.

Further expansion in emerging markets and growth areas

As announced, the final sale of the loss-generating Energy Storage business was completed at the end of February 2015, which resulted in one-off disposal of CHF 73 million. In early July, the remaining shares of Brazilian Companhia Brasileira de Bentonita, of which Clariant already held 50 %, were acquired. At the end of September, the company announced its intent to acquire portions of the Vivimed Labs Ltd Personal Care portfolio in India.

ACTIVE PORTFOLIO MANAGEMENT through acquisitions and divestments

	2011	2012	2013	2014	2015
Acquisitions	Süd-Chemie (Germany)		CRM (France) BayInk (Germany) Champion Gulf of Mexico Oil Business (USA) Organic Pigments Business Jiangsu Multicolor (China)	Aerochem (Sweden) Plastichemix Industries (India) VitaPac (Hong Kong)	30 % Share in Beraca Ingredientes Naturais (Brazil) Companhia Brasileira de Bentonita (Brazil) Kilfrost's Aircraft De-icing Business (USA, Asia) Vivimed Labs' Personal Care Portfolio (India)
Divestments			BL Emulsions BU Paper Specialties BU Textile Chemicals	ASK Chemicals Joint Venture (Germany) BLs Detergent & Intermediates BU Leather Services Water Treatment (South Africa)	BL Energy Storage Water Treatment (Latin America)

Pillar 3: Add value with sustainability

Discover Value through sustainability at all levels

In 2015, the first Clariant Sustainability Dialog was held in Frankfurt at the Clariant Innovation Center. More than 150 participants from companies, the media, the capital market and politics held an intensive discussion on general trends and the increasing importance of sustainability for the chemical industry and its customers in the value chain worldwide. In connection with this, Clariant announced new, company-wide commitments. These included, for example, that palm oil should be obtained only from sustainable sources. Furthermore, regarding the procurement of raw materials, the company commits to following a guideline helping to avoid deforestation, to ensure traceability along the entire value chain, and to meet the criteria for certification by the Roundtable on Sustainable Palm Oil (RSPO). Strategically, the cooperation along the value chain with customers, suppliers and other parties is proactively promoted to strengthen its own sustainability and that of the customers (see Sustainability Report 2015).

Alignment of the product portfolio with sustainability

Since 2012, the entire Clariant product portfolio goes through a systematic, detailed review process as part of the »Portfolio Value Program« (PVP). This applies 36 sustainability criteria in all three sustainability areas, considering all aspects of the product life cycle. In doing so, company-wide product groups are identified where there is need for change in terms of their sustainability – whether through innovation, replacement or phase-out. For instance, in the

THE 36 CRITERIA of the Clariant Portfolio Value Program

PEOPLE

Safe Use, Transparency and Information
· SVHC[1] profile
· CMR[2] substance profile
· Hazard classification level
· Level of solvents and VOCs[3] in the use phase
· Available information on performance and impacts across the life cycle

Addressing Megatrends and Societal Needs
· Solutions meeting societal/environmental needs or megatrends:
– Food and nutrition
– Health and safety of people
– Environmental issues, societal challenges
– Green and sustainable living
– Climate change

PERFORMANCE

Integrated Sustainable Business
· Value chain collaboration
· Value-adding product-related services and product service systems

Performance Advantages
· Additional performance features and benefits for the customer
· Third-party certification of product

PLANET

Raw Materials and Sustainable Sourcing
· Material use effciency in the production
· Material effciency in the use phase
· Raw material scarcity
· Use of renewable raw materials
· Use of non-food competing renewable raw materials
· Sustainability certification of renewable raw materials
· Use of recycled material in the production
· Support of recycling opportunities in the value chain
· Impact on biodiversity

Environmental Protection
· Water footprint of raw material production
· Water consumption in the production
· Water consumption in the use phase
· Energy footprint of raw material production
· Energy consumption in production
· Energy consumption in the use phase
· GHG[4] footprint of raw material production
· GHG[4] emissions in production
· GHG[4] emissions in the use phase
· Emissions in the use phase
· Hazardous waste classification in production
· Hazardous waste classification in the use phase
· Waste generation in production
· Waste generation in the use phase
· Biodegradability/compostability of product
· Effect on aquatic environment
· Waste water formation at use phase

[1] SVHC: Substances of Very High Concern
[2] CMR: Carcinogenic, Mutagenic, Reprotoxic
[3] VOC: Volatile Organic Compound
[4] GHG: Greenhouse Gas
Source: Collaborating Centre on Sustainable Consumption and Production (CSCP): The Sustainability@Clariant Portfolio Value Program – Developing Tools for Sustainable Product Portfolio Management, 15.04.2015, p. 11

»We have anchored sustainability within our corporate strategy. This creates added value for Clariant, the society and the environment alike.«

JOACHIM KRÜGER

Head of Corporate Sustainability & Regulatory Affairs

near future, the phase-out of heavy-metal-based pigments in masterbatches and the replacement of Chromium(VI) catalysts will take place gradually. In this example, Clariant underscores the readiness to phase out products that have been identified as non-sustainable. All future innovations at Clariant will also be measured against these criteria. In order to make development projects comparable and assess their advantageousness, Clariant has also introduced the Corporate Sustainability Index for Research and Development Projects (CSIR&D).

EcoTain® label recognizes the most sustainable products

To date, Clariant has aligned more than 80 % of the portfolio with sustainability criteria. Of these, 76 % meet the definition of sustainability. More than 80 products from all Business Areas, including more than 30 products from the Business Area Care Chemicals alone, have been certified with the company's own EcoTain® label at the end of 2015. This label identifies products whose sustainability standards significantly exceed those of the market, that have excellent product characteristics and advance the overall sustainability efforts of the company and its customers. As an example, GlucoTain®, a Personal Care product, received the EcoTain® label in 2015. The sugar-based surfactant is used in shampoos, shower gels and shaving cream (see page 65).

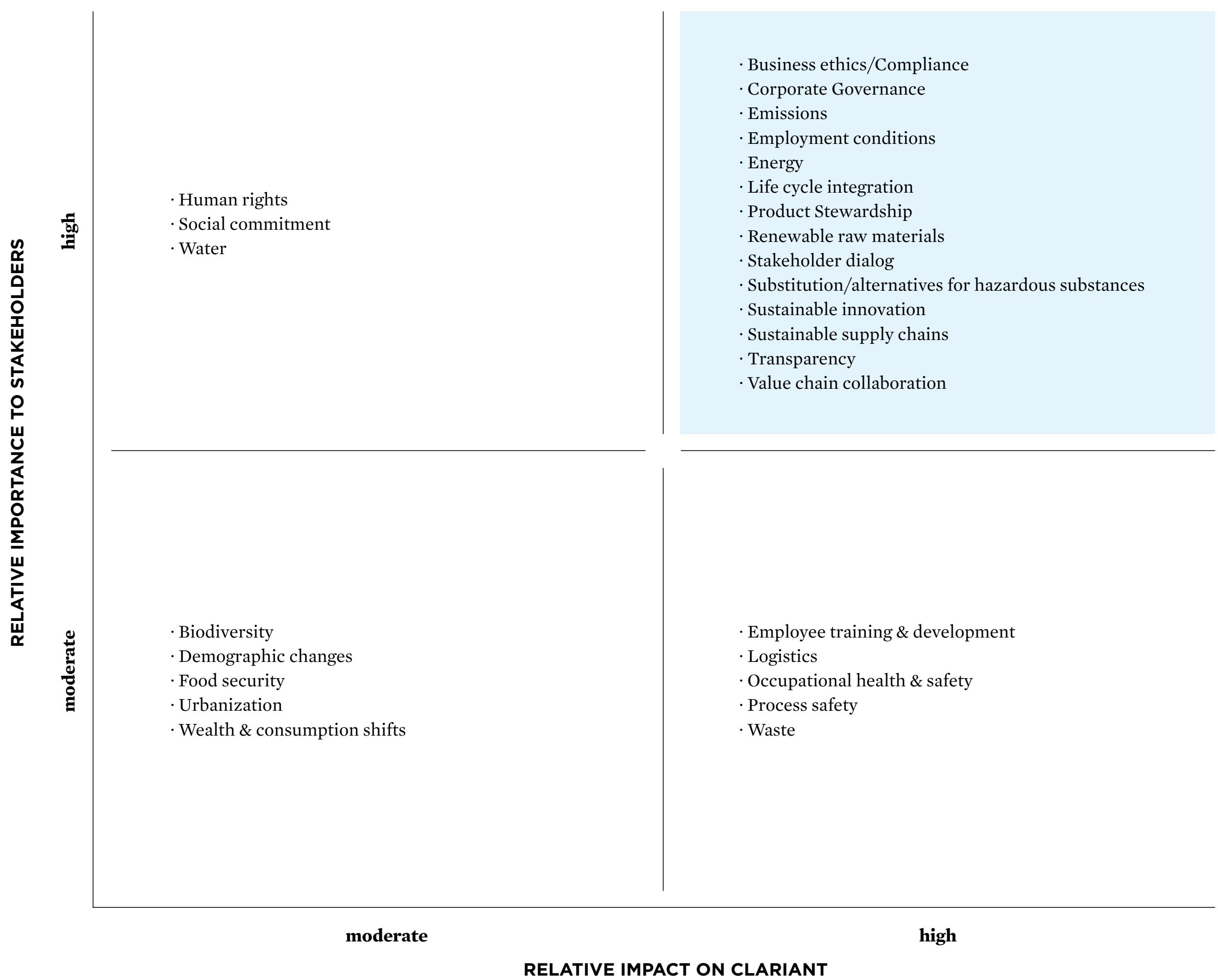
Ethical and sustainable operational principles

Discover Value through sustainable management generates added value and benefits for all interest groups – economically, environmentally and socially. In addition to sales and earnings growth and adjustment of the product portfolio, the focus is also on the public reputation of Clariant and its customers. The basic prerequisite for this is the commitment to an ethical and sustainable approach, be it in relation to the environment, social responsibility, governance criteria, health and safety, sustainability in the value chain, product responsibility or personnel development. These include, for example, the signing of the Responsible Care® Global Charter and the UN Global Compact, which act as central operational principles for sustainability worldwide. In 2014, Clariant joined the chemical industry's Together for Sustainability initiative for supplier management to work together to improve sustainability in the industry's supply chain. As part of this, supplier evaluations and audits are performed by independent experts, and all participating companies have access to their results. In addition, Clariant has self-imposed obligations under the Code of Conduct and the Code of Conduct for Suppliers – and thus a binding framework for business conduct for all employees and suppliers.

Sustainability is more than just environment protection

Clariant's commitment to sustainability goes far beyond the efficient use of resources and environmental protection. Charitable initiatives as part of the company's commitment to corporate responsibility and occupational safety issues are just as important as the high value placed on compliance. In this regard, employees worldwide are regularly trained on the compliance policy against corruption and bribery. A variety of training programs are held in the Clariant Academy in order to optimally prepare employees for their tasks. The company's proprietary product stewardship organization on its own part ensures that the entire product portfolio complies with international safety and environmental criteria such as REACH (Registration, Evaluation, Authorization of Chemicals) or the Global Product Strategy (International Council of Chemical Associations, ICCA).

MATERIALITY MATRIX by Clariant



All issues regarding sustainable action are reviewed regularly by the Clariant Sustainability Council and adjusted where necessary. The Materiality Matrix of the key areas of Clariant's sustainability activities is developed based on this.

Clariant advanced to the top tier in DJSI

In 2015, Clariant was successful in advancing to the top tier of the most sustainable specialty chemicals companies worldwide in economic, environmental and social terms. This was confirmed by the analysts of RobecoSAM, who ranked the company among the top four of the industry in one of the world's most prestigious sustainability indexes, the Dow Jones Sustainability Index (DJSI). Clariant first achieved inclusion in one of the DJSI indices in 2013.

As a result of its track record in sustainability, Clariant was recognized with a Silver Class distinction in the RobecoSAM Sustainability Yearbook 2016, for the first time.

»Our experience shows that innovation is the result of a culture with open communication and a continuous exchange of ideas.«

MARTIN VOLLMER
Chief Technology Officer

RESEARCH & DEVELOPMENT

CHF 204 m

spent in 2015

Pillar 4: Foster innovation and R&D

Discover Value by focusing on innovation and R&D
Sales growth of 1 to 2 percentage points can be generated with the introduction of new, innovative products. The precondition for this is satisfied. Clariant's innovation pipeline is well filled with more than 300 active projects from all business units. These include approximately 60 »Class 1 Projects« with double-digit million sales potential. The close collaboration among the Business Units, Clariant Innovation Excellence, and Group Technology & Innovation as the central research unit provides the basis for the greatest possible efficiency. Approximately 1100 employees in eight Centers for Research & Development and in about 50 Technical Application Centers work every day toward reaching established targets. In addition, Clariant participates in more than 130 scientific collaborative projects with universities, research institutes and external partners.

In 2015, CHF 204 million was spent on Research & Development. Since 2011, this has been about CHF 1 billion. In areas that are particularly research-intensive, such as Catalysis, the share of R&D spending is more than 7% of sales. Over 7000 patents underscore the advanced technology expertise within the Group.

INNOVATION FIGURES

~1100

employees in R&D

3.5%

of Group sales 2015 spent in R&D

50

Technical Application Centers

>7000

patents

8

global R&D Centers

>130

scientific collaborations

Open Innovation Initiative – using global knowledge for innovation

Global trends and areas with the greatest growth potential, such as environmental protection, globalization, urbanization, as well as the efficient use of resources and energy, are Clariant's central focus for R&D and the investments associated with it. In order to serve and develop future markets with above-average potential, such as functional packaging, Clariant launched the Open Innovation initiative on the Clariant website in 2015. The initiative was developed in partnership with the University of St. Gallen (Switzerland) and Stanford University (USA) and includes the active and strategic integration of knowledge outside of the company to foster innovation potential. Outside innovators are invited to contribute ideas, needs and solutions to the Open Innovation Focus Fields with the goal of creating long-term partnerships in these areas. To motivate outside innovators such as universities, start-ups, or customers to participate, access to financing, markets, infrastructure and practical knowledge is offered.

Would you like to learn more about Open Innovation?

www.clariant.com/Open-Innovation

OPEN INNOVATION INITIATIVE offers benefits

FINANCING

We help start-ups and young companies overcome financial challenges.

EQUIPMENT/INFRASTRUCTURE

Finding suitable test and production equipment is a challenge for many innovators. We open our labs and facilities to foster innovation.

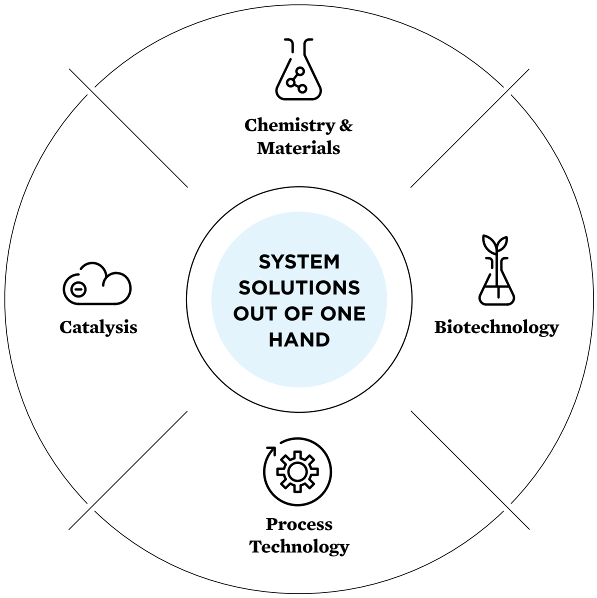
MARKET ACCESS

Our global network helps to bring new innovations into the world.

KNOWLEDGE/EXPERTISE

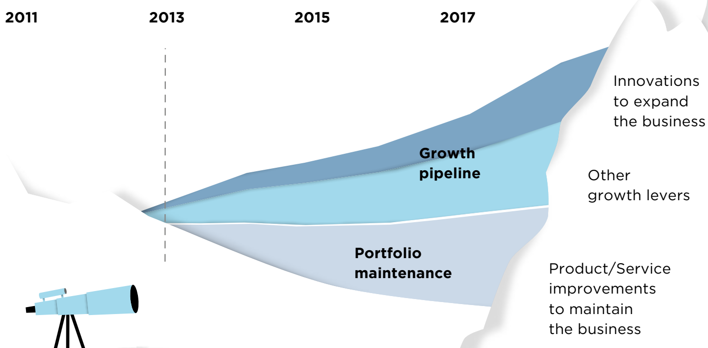
Our experts use their knowledge and expertise along the entire innovation chain.

TECHNOLOGY PLATFORMS for tailor-made solutions



Technology platforms as a link to the market

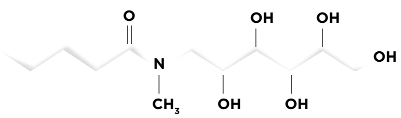
Understanding the specific and individual needs and requirements of global markets and customers, combined with efficient innovation management, contributes sustainably to the transformation of these needs into value-adding products and solutions. In order to effectively take advantage of synergies across all Business Areas, Clariant's research and development is based on four technology platforms: Chemistry & Materials, Biotechnology, Process Technology, and Catalysis. Here, the forward-looking chemical technologies are combined with custom-made and sustainable solutions based on renewable raw materials using microorganisms, optimized enzymes and catalysts developed from individual specifications. They are allowing for the efficient use of natural resources and emissions reduction by means of holistic and innovative process development.



SCOUT

Megatrends & Ideas

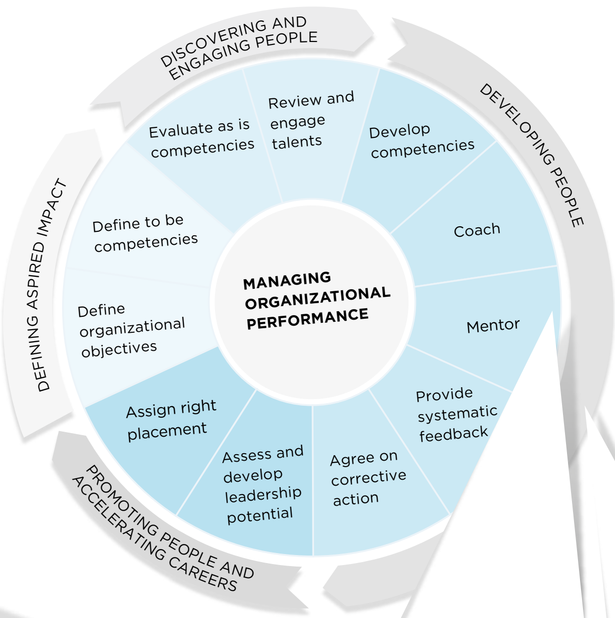
We reach out to analyze megatrends, market trends and consumer needs – and make this the foundation for innovation. Together with customers, we turn them into ideas.



EXECUTE

Concept & Commerce

We develop an innovative concept based on scientific principles, to set up a supply chain, register the product, secure the supply of raw materials, create marketing material and train the sales force. Ultimately, we translate customer requirements into product features. We strive to accelerate »Time to Market«!



SCOPE

Cross-Functional Team & Customer Interaction

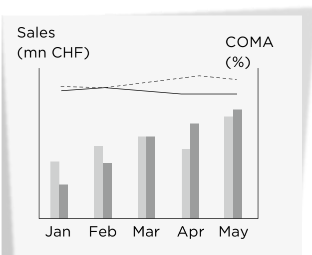
We talk to our customers and find out what problem they want to solve. Their needs are the basis for the design criteria of all our innovations, as laid out in the design scorecard.

	True need	Priority	Operational definiton	Target value
1				
2				
3				
4				

IDEA 2 MARKET

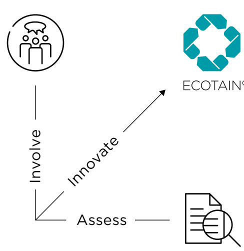
ACCELERATE CHANGE

DISCOVE

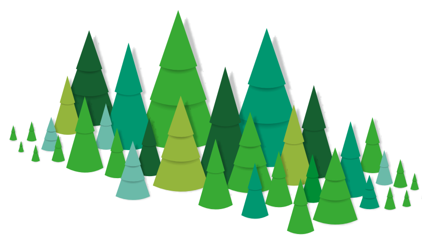


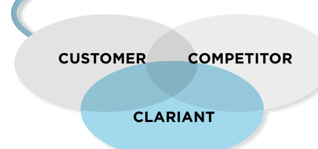
COMMERCIALIZE

Adaptation & Development
We collect further insights from the customer. The commercial team incorporates this feedback and uses it to position and sell the product better. We monitor the success of its launch onto the market!



Portfolio Value Program (PVP)



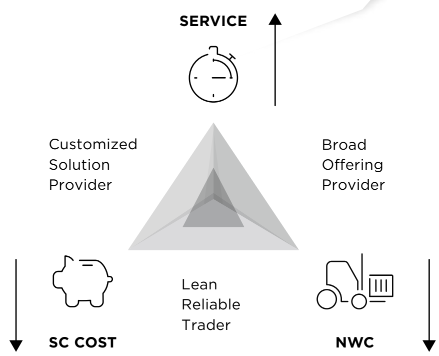


WIN

Value Proposition & Strategy
We define the value proposition of an offering at the intersection of customer needs, the competitor's offer and our offer. Then we set up the strategy with a growth plan and clear business targets.

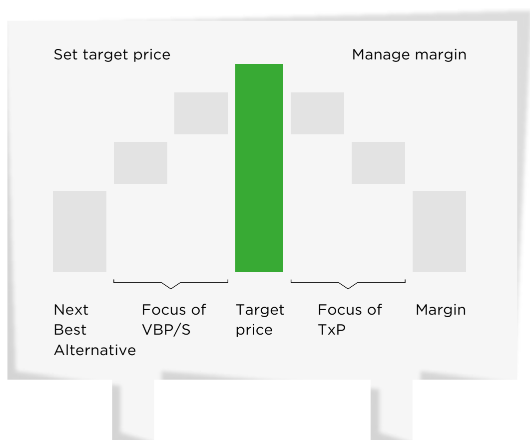
FIND

Identifying & Focusing
We use Value Chain Analysis, Customer Interviews and Market Modeling to gain clear market insights in order to identify the growth pockets we need to successfully place the offering on the market.



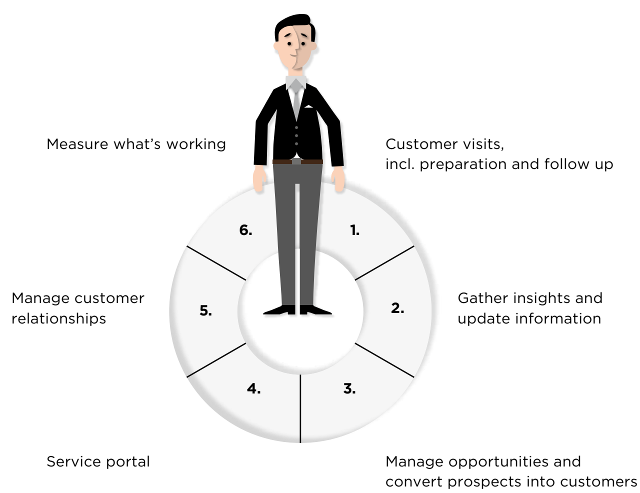
PLAN

Balance Supply & Demand
Accurate demand planning is the basis to connect Commercial with production. We focus on balancing service, costs and NWC and turning that into an integrated supply chain.

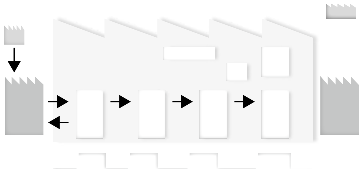


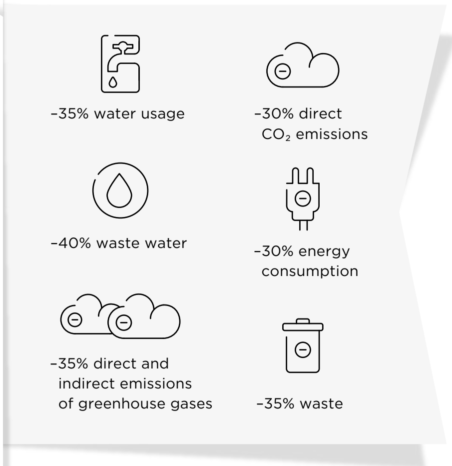
KEEP/GROW

Relationship & Selling
We continue to focus on the needs of the customer and also to create additional value for them throughout the sales process. We engage each sale based on value, and we constantly optimize our pricing.



CUSTOMER





SOURCE

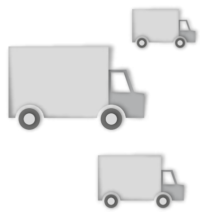
Procurement Excellence
Procurement Excellence seeks to increase Spend Effectiveness by optimizing commercial, technical, demand and process levers.

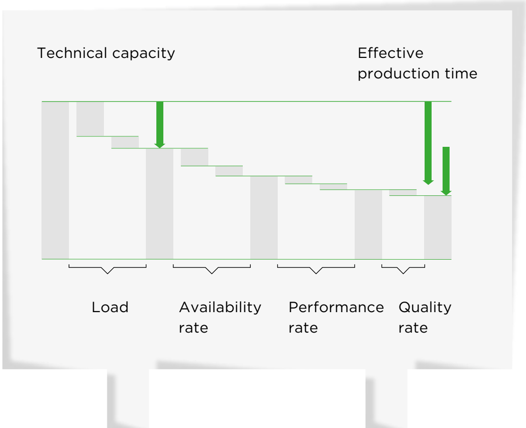
MAKE

Equipment Effectiveness & Continuous Improvement
Based on Value Stream Mapping and other diagnostic insights we constantly monitor the current situation and compare it to best practices. Ultimately, we run our assets at the highest possible level of efficiency.

DELIVER

Customer OTIF
Best possible cooperation between Commercial and Operations ultimately results in finished goods delivery at the required Customer OTIF.





ECOTAIN®

CUSTOMER 2 CASH

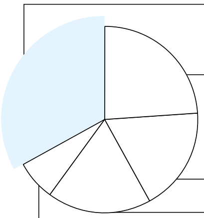
Pillar 5: Intensify growth

Discover Value by focusing on growth markets

The year 2015 has once again convincingly confirmed the importance of a balanced global positioning and the focus on growth areas for companies such as Clariant. In this way, the company was able to compensate for the cyclical decline in China with attractive businesses in the rest of Asia and with strong sales growth in North and Latin America. The latter was achieved despite Brazil's economy generally experiencing a deep recession, while Clariant was able to add 9 % sales in local currency in Brazil. The proper allocation of the investments to particularly high-growth areas and growth regions worldwide that promise the greatest sales potential has paid off.

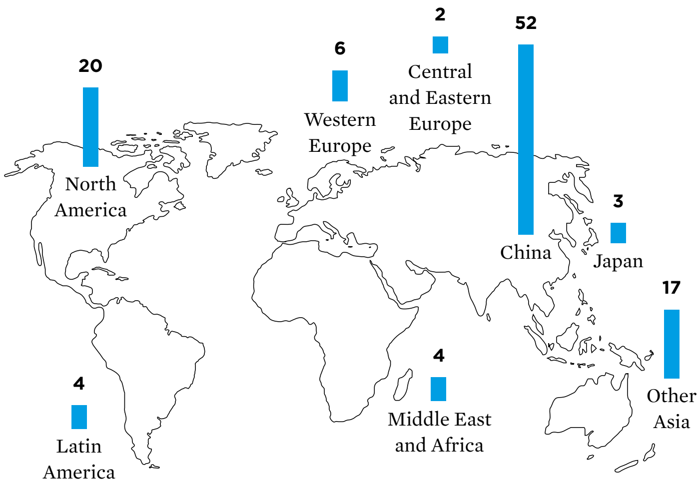
SALES BY REGION 2015 in CHF m

Total 2015: 5 807



Europe	**1 931**	**33 %**
Asia-Pacific	**1 373**	**24 %**
North America	**1 077**	**18 %**
Latin America	**1 021**	**18 %**
Middle East and Africa	**405**	**7 %**

GROWTH IN WORLD SPECIALTY CHEMICALS MARKETS BY REGION
in USD b until 2018



Source: HIS 2014, McKinsey

»North America offers substantial growth potential for the upcoming years.«

KEN GOLDER
Head of North America Region

—
KEN GOLDER
Head of
North America
Region

Mr. Golder, since 2011, North America has shown an impressive average growth of 4 %. What is the secret behind this success?

—

KEN GOLDER Well, there certainly is no secret. Our success is based on improving economic fundamentals and well-aligned execution. As the largest specialty chemicals market in the world, we benefit from favorable pricing and good availability of energy and feedstocks. The chemical industry in general is being revitalized as a consequence of the energy sector expansion, and through our Business Unit Oil and Mining Services (BU OMS) we are actively participating in this growth. The US gross domestic product (GDP) growth of 2.4 % is among the highest of the mature economies. Economic indicators and forecasts confirm that this positive trend will continue and Clariant is well positioned to benefit from this.

Can you specify in which businesses Clariant is expecting the highest growth potentials?

—

KEN GOLDER All our Business Units have actionable plans to grow above GDP. We expect the greatest growth in our Oil Services activities that continue to expand their footprint across our region. Our Industrial & Consumer Specialties (ICS) and Catalysts businesses also are well positioned to participate in changing mega trends and the expansion of our region's petro-chemical sector. In all these BUs, we have critical size and are among the market leaders with the innovation potential. Our product pipeline is well positioned for future growth.

Can you give some examples?

—

KEN GOLDER Through our commitment to sustainability we are meeting customers' demands with innovative responses to market megatrends. The Clariant EcoTain® products, e.g. for our personal and home care businesses, are very well regarded. The need for more efficient production processes is the basis for strong and sustainable growth for catalysts. Let's be reminded that approximately 90 % of all chemical products are manufactured with the help of catalysts. In North America, we see additional specific potential because we are well positioned to capture the opportunities driven by new shale gas projects as Clariant offers the most extensive portfolio among our major peers.

Doesn't it require significant investments to keep up with the dynamics of the markets?

—

KEN GOLDER This is correct and these investments are overdue to some extent. We are doing a tremendous job at attracting capital and human resources to our region. We invest heavily in catalysis research and development with an expenditure of more than 7 % of our sales. Our new polypropylene catalyst plant in Louisville for example is one of Clariant's largest investment projects ever. We recently completed a Houdry catalysts expansion, and currently in ICS we are expanding our ethylene oxide (EO)derivatives capacity. These investments are poised for substantial return. A positive side effect is that Clariant's reputation as an attractive employer is also improving. We hired more than 300 people in 2014 and 2015, with a clear focus on market-facing and innovation positions.

You mentioned impressive growth rates in your Oil Services activities. Will this dynamic continue into the future?

—

KEN GOLDER It certainly should, based on the economic fundamentals. The global oilfield chemicals market is expected to grow from USD 10 billion to USD 12 billion by 2020, more than 50 % of this market is located in North America. We expect to gain a substantial slice of this pie and grow disproportionately, for example by putting an innovation focus on the deepwater and hydraulic fracturing activities. To support this growth, we have expanded OMS headquarters and R&D activities in The Woodlands, Texas. Our Oil Services business in North America is represented with 19 local facilities and 11 Technical Centers.

To summarize this, what are your targets for the future?

—

KEN GOLDER In 2015, our activities in the North America region contributed more than USD 1.1 billion sales. This represents roughly 18 % of Group sales, compared to just 16 % last year. This share will grow steadily. Our strategic plan shows substantial growth potential. North America represents 23 % of the global specialty chemicals market. This representation of North America within Clariant is our mid-term goal. We have the quality people, plans and resources to get this done!

Perfectly positioned for growth opportunities in North America

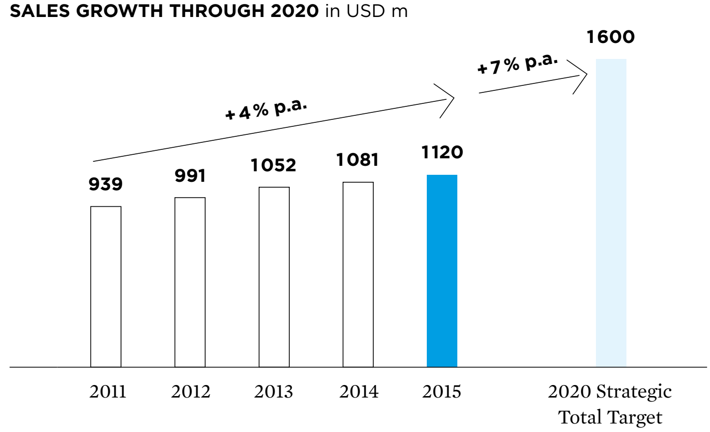
The North American market for specialty chemicals is not only the largest in the world estimated at USD 140 billion, it also has growth potential that is well above average. Accordingly, Clariant has expanded significantly in this region. As a result, sales here have improved from USD 939 million in 2011 to USD 1120 million in 2015. This corresponds to average annual growth of more than 4 %. 1800 employees work at 41 locations. Thanks to their work, the largest areas of activity have been able to increase significantly since 2011, including Oil Services (by 14 % annually) and Industrial & Consumer Specialties (by 8 % annually) as well as Catalysts (by 5 % annually). To maintain this momentum and generate the desired target of USD 1.6 billion in 2020, Clariant recently invested heavily in North America, especially in the two biggest growth areas – Oil & Mining Services and Catalysts. In total, this equates to recent investments of more than USD 170 million, as well as to a significant expansion of its workforce by more than 130 in the last two years.

KEY FACTS NORTH AMERICA

>1800 employees

41 locations

SALES GROWTH THROUGH 2020 in USD m



Discover Value
IN THE FOUR BUSINESS AREAS

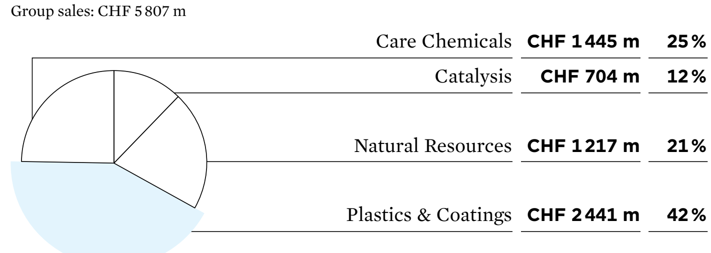
Each day, millions of people use Clariant products without even knowing it: when washing their hair, painting a home, while growing grain, de-icing an aircraft or preparing food. Why is the Clariant name not everywhere where Clariant products are used? Clariant is an innovative company that applies its expertise for the design, development and manufacture of specialty chemicals in cooperation with customers from various industries. Success lays in Clariant continuously creating value by translating customer and consumer needs into innovative technologies.

Focus on global trends

Clariant continuously develops and aligns the company portfolio with customers and markets that show good future prospects and above-average growth. The focus is on activities in which the Group has substantial price leverage resulting from a leading market position and outstanding innovative technologies. In doing so, the four Business Areas Care Chemicals, Catalysis, Natural Resources, and Plastics & Coatings primarily address long range global trends, such as mobility, resource conservation, energy efficiency and increasing urbanization in emerging markets. Each business area contributes to achieving corporate goals, be it in terms of sales growth, profitability, strengthening innovative capabilities or the strong commitment to sustainability.

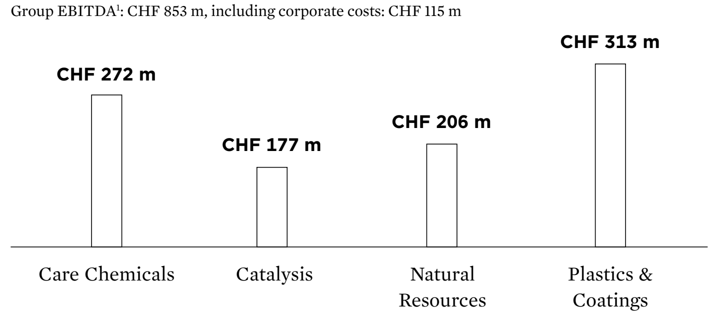
SALES BY BUSINESS AREA

Group sales: CHF 5 807 m



EBITDA BY BUSINESS AREA

Group EBITDA[1]: CHF 853 m, including corporate costs: CHF 115 m



[1] before exceptional items

»Clariant has a well-balanced portfolio with a very good profitability and substantial growth potential.«

CHRISTIAN KOHLPAINTNER
Member of the Executive Committee

The Business Area **Care Chemicals** unites Industrial & Consumer Specialties (ICS) with the operations of New Business Development and the promising Biotechnology business. This Business Area supports customers in improving product characteristics of personal care products or crop protection solutions, for example.

With GlucoTain®, Clariant offers an innovative product that makes personal care more pleasant and environmentally compatible.

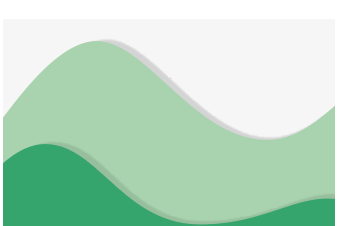
PAGE 62

The Business Area **Catalysis** offers a broad portfolio of catalysts which allow the use of alternative raw materials such as natural gas, coal and biomass. 90 % of all chemical processes require catalysts.

The catalyst AmoMax®-10 helps reduce CO_2 emissions and improve efficiency with regards to the manufacture of fertilizers.

PAGE 70

The Business Area **Natural Resources** comprises Oil & Mining Services and Functional Minerals. Oil & Mining Services supports customers on step change innovative solutions that ensures that oil and mining companies alike can produce more efficiently, economically and sustainably. Functional Minerals offers products and solutions for industrial manufacturing and purification processes, as in the refining of edible oils and metal casting.



Clariant helps to drastically reduce emissions in foundries with LE Technology.

PAGE 78

The Business Area **Plastics & Coatings** comprises the Business Units Additives, Masterbatches and Pigments. This Business Area develops products for customers in diverse industries – from the packaging industry to the electrical and electronics industry to the paint and coatings industry.

A typical application example of Easy Dispersible (ED) pigments are road markings.

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Business Area
CARE CHEMICALS

»High living standards and a strong focus on lifestyle products are growth drivers for the Business Area Care Chemicals.«

CHRISTIAN VANG

Head of Business Unit Industrial & Consumer Specialties

What do consumers expect from a shampoo or a dishwashing detergent? What is their purchasing decision based on? It is especially important that both clean well, smell good, feel good and protect the environment. The same goes for the new and environmentally compatible, sugar-based surfactants GlucoTain® and GlucoPure®.

The relevant market for Care Chemicals is growing by 4 % to 5 % each year. This is also the annual growth target for the Business Area. To meet this objective, close cooperation with customers, a high level of innovation and dedicated evidence of the greatest possible sustainability is necessary. In addition, sales growth should be accompanied by a sustainable profitability. The set goal is an EBITDA margin before exceptionals of 18 % to 19 %. Care Chemicals has achieved this for the first time with 18.8 % in 2015. It is important to maintain at least this level for the coming years. In 2015, Clariant also further reduced the scale of its involvement in operations with low margins.

Growth driver urbanization

Increasing urbanization, the scarcity of arable land and the consequent need for productivity increases in agriculture are important drivers of growth for Care Chemicals. This also applies to the dynamically growing demand for environmentally compatible applications and

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KEY FINANCIAL FIGURES	TARGETS
1445 Sales in CHF m	**4 – 5 %** Growth potential per year
272 EBITDA[1] in CHF m	**18 – 19 %** EBITDA[1] target margin
18.8 % EBITDA[1] margin	

[1] before exceptional items

Discover Value
GLUCOTAIN®

+4–6%

projected growth for mild products in hair and skin care segments by 2017

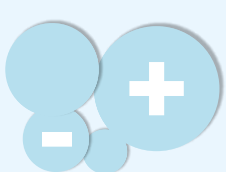
Stress reduction for skin and hair

Whether from heat, cold or UV rays – the skin and hair are subjected to a permanent stress test. At the same time, their function is to protect the human body from precisely these environmental factors. Of equal importance is good care, which should be both pleasant and mild, but also environmentally compatible. Clariant has developed a product family of sugar-based surfactants under the name GlucoTain® for this purpose.

Discover the surfactants

GlucoTain® is an innovative range of sugar-based surfactants offering sensory benefits through individual foam structures.

Bubble Size

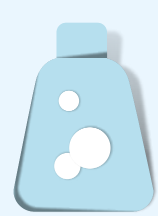


- Large
- Medium
- Small

Sensory

- Fresh
  Clean
- Deep clean
  Mild
- Moisturizing
  Caring

Application



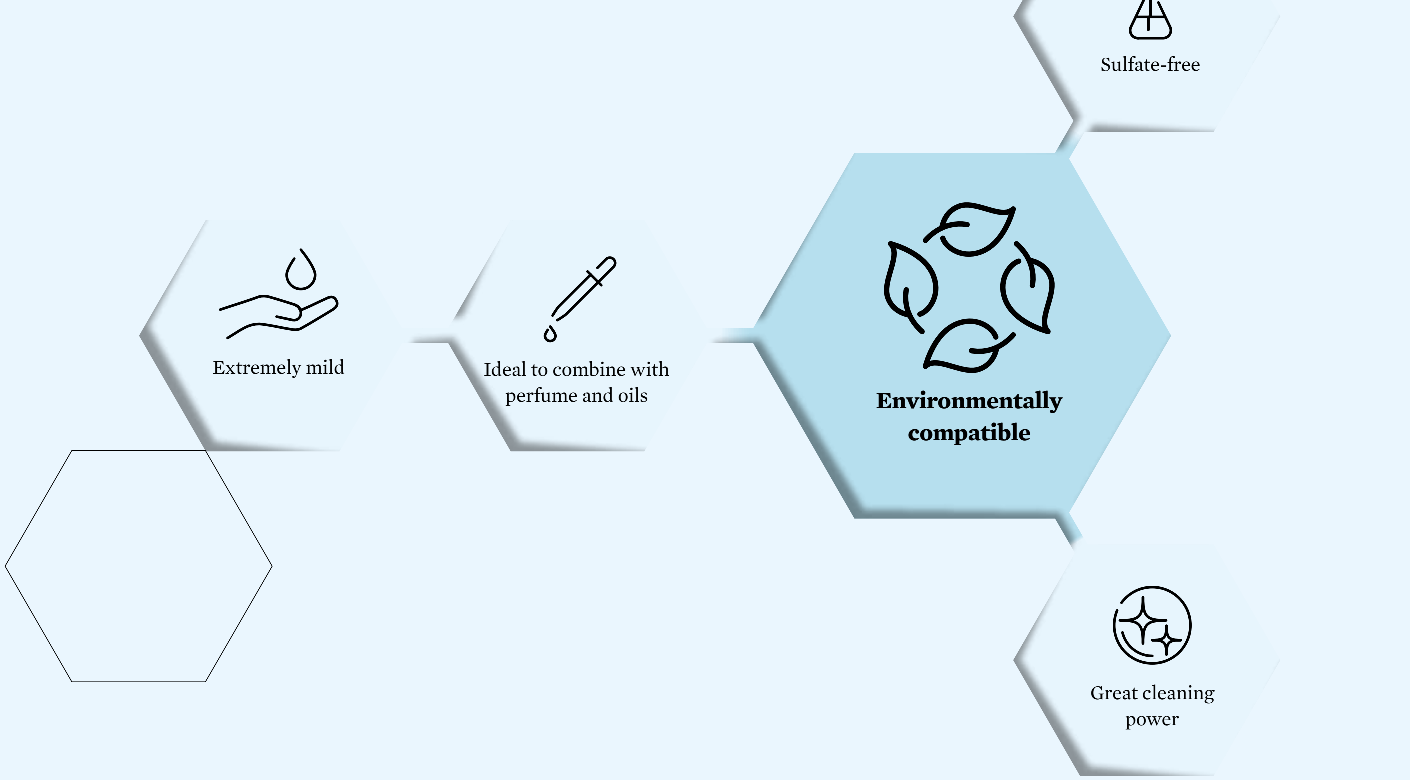
- Body wash
  Revitalizing shampoo
- Facial cleanser
  Anti aging-shampoo
- Pampering facial cleanser
  Baby shampoo

»We design our products to respond effectively to customer needs.«

–
KATARZYNA KITA
Global Application Development Manager Personal Care

Value for money

GlucoTain® are sugar-based surfactants. They are environmentally compatible and specifically improve the cosmetic product characteristics.



Mrs. Kita, what differentiates GlucoTain® from other specialty chemicals for personal care?

—

KATARZYNA KITA Consumers are becoming more demanding. They expect improved products – milder and with good cleansing and foaming properties, to deliver a uniquely pleasant sensory experience, in a nature-friendly way. GlucoTain® does an outstanding job fulfilling these criteria.

And comparable products cannot?

—

KATARZYNA KITA Most cleansing products contain sulfates and/or polyethylene oxide derivatives, that could stress skin and hair. GlucoTain® contains neither of these, is particularly mild to the body's own proteins and lipids and can be blended excellently with oils or perfumes.

What does the product development depend on, exactly?

—

KATARZYNA KITA It is crucial to precisely analyze the skin and hair structures as they are very complex. Thanks to its capacity for innovation and the expertise of many scientists, Clariant has succeeded in developing sugar-based surfactants that satisfy a variety of consumers' needs.

ECOTAIN®

GlucoTain® is labeled EcoTain® as it has an excellent sustainability profile over the entire life cycle, from raw material to disposal, that Clariant screens based on 36 precisely defined criteria.

Would you like to learn more about EcoTain®?

www.clariant.com/en/Solutions/EcoTain-Products

Would you like to learn more about this Discover Value story?

www.clariant.com/en/Company/DiscoverValue/Glucotain

LEADING MARKET POSITIONS

1	2	3	4
Aviation (de-icing)	Crop Solutions	Personal Care	Industrial & Home Care

BROAD RANGE OF APPLICATIONS

- Personal care
- Crop solutions
- Industrial and home care
- Industrial applications (aviation, brake fluids, heat transfer fluids, industrial lubricants, paints & coatings)
- Bioethanol and alternative fuels
- Bio-based specialties and enzymes
- Food supplements (fats and oils, special carbohydrates, preservatives, antioxidants and sweeteners)

TRENDS AND DRIVERS

- Expansion of market share in consumer products and crop protection solutions
- Increasing demand for products for personal and home care
- Increasing need for sustainable and efficient crop protectants
- Trend towards chemicals from renewable raw materials with an improved ecological toxicity profile
- Future market of biotechnology
- Increasing demand for sustainable building materials
- Expanding of the innovation pipeline
- Reducing of the importance of activities with lower margins
- Increasing use of multifunctional additives for the colors and coatings industry
- Greater use of synthetic base fluids for long-life lubricants
- High demand for performance-enhancing process aids in the manufacturing industry

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innovations from renewable substances and raw materials. The regional growth focus is on emerging markets in Latin America, India and China as well as on the steadily growing North American market.

Various applications from personal care to aircraft de-icing

The Business Unit Industrial & Consumer Specialties (ICS) is the operational nucleus of Care Chemicals, Clariant's second largest Business Area. With 14 production sites and five application and development centers, ICS covers various working areas in which similar technologies and common production capacities are used.

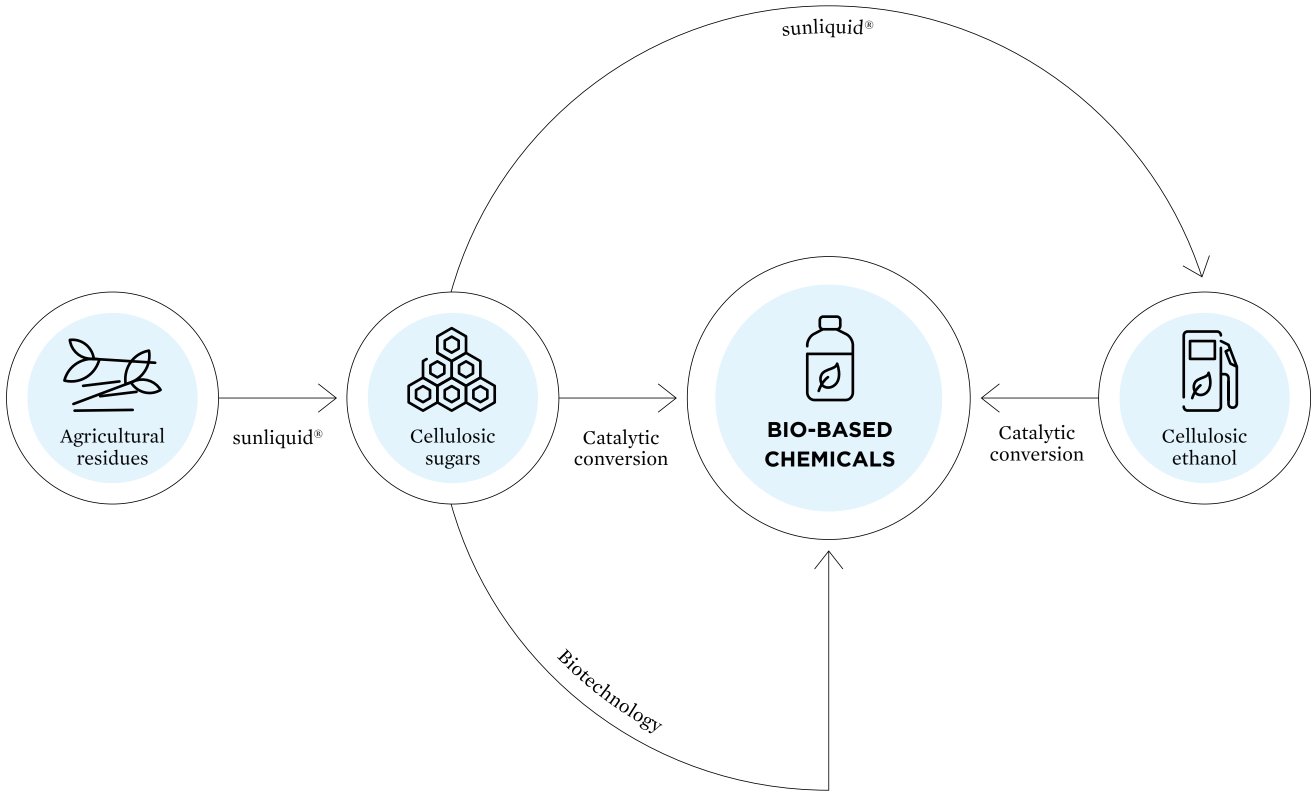
Consumer Specialties, with specialty chemicals for personal care, home care and agricultural markets, have significant growth potential, minimal cyclical effects and above-average margins. In addition, ICS's industrial markets are supplied with components for lubricants, additives for paints and coatings, brake fluids for the automotive industry, as well as de-icing agents for the aviation industry. The raw material amines and amine derivatives, which are key to ICS, are produced by »The Global Amines Company« in Singapore, a joint venture between Clariant and Wilmar.

Group Biotechnology – think tank for the future

In addition to ICS, Care Chemicals also includes Clariant's activities in the growing field of biotechnology. The company recently earned positive headlines for its second-generation biofuel, so-called cellulosic ethanol, which is produced from agricultural residues, for instance from straw, which is nearly CO_2 neutral and overcomes the food-versus-fuel debate. This makes cellulosic ethanol suitable as an alternative fuel for the automotive industry.

For the future of the company a particular focus in this field is on investments in technology and innovation. The use of renewable raw materials for new and sustainable products is a research focus of Group Biotechnology. Sales are still very low and the start-up costs are high, as is often the case with start-up projects. This currently has a negative effect on the profitability of the entire Business Area, but in the long run, this area has enormous potential.

In addition, New Business Development markets food supplements such as fats and oils, special carbohydrates, preservatives, antioxidants, and sweeteners to the dairy, baking and meat industries.



INVESTMENT

BIOTECH CENTER

Ultramodern laboratories with more than 6000 square meters of space for over 100 employees – the new Clariant Biotechnology Center was opened at the beginning of October 2015 in Planegg, Germany. With it, the company continues to invest in one of the key industries of the 21st century.

EXTERNAL RECOGNITION & CERTIFICATION

GREENTEC AWARDS 2015

- sunliquid® has been awarded third place in the automobility category
- 2nd generation biofuel offers 95% savings in greenhouse gas emissions
- Cellulosic ethanol from agricultural residues does not compete with food or feed production

US FOOD AND DRUG ADMINISTRATION STANDARDS

- The US Food and Drug Administration (FDA) documented high standards for R&D, manufacturing and logistics processes of the Clariant locations in the US

GOOD MANUFACTURING PRACTICE

- 22 Clariant locations in Europe, Asia and Mexico, specialized in the production of ingredients for the cosmetic industry, were certified for Good Manufacturing Practice (GMP) by the European Federation for Cosmetic Ingredients (EFfCI)

ACQUISITIONS

AEROCHEM AB

- Improved market position in the de-icing industry
- Sales of CHF 20 million annually
- Excellent market access in Northern Europe
- Complementation of Clariant's sustainability focus

ALLIANZ BERACA

- Acquisition of a 30% stake in Beraca's health and personal care business
- Expansion of the market position in Brazil
- Focus on natural and organic raw materials for more sustainability

VIVIMED LABS

- Synergies with the existing Personal Care portfolio
- Improved market position in the emerging markets of Asia
- Indian market shows dynamic growth

»The Indian market for personal care products shows dynamic growth in the double-digit percentage range.«

R. KUMARESAN
Head of ICS India

Business Area
CATALYSIS

»The Business Area Catalysis offers innovative catalyst solutions that help reduce energy consumption and greenhouse gas emission, despite growing chemical production.«

STEFAN HEUSER
Head of Business Unit Catalysts

Business Area
CATALYSIS

In the manufacture of chemical products, the use of catalysts is indispensable for the efficient use of raw materials and energy, and necessary for optimized chemical reaction processes. As a market and technology leader, the Business Area Catalysis delivers solutions that add value for customers in the petrochemical, chemical, fuel and plastics industry.

Innovative capabilities and high-margin activities are paying off

For the 2015 reporting year, the Business Area Catalysis showed solid growth in local currencies of 4 % and EBITDA margin before exceptional items of 25.1 %, the best profitability of all Business Areas again despite challenging conditions, such as the market situation in China. In the medium term, Catalysis targets an annual organic growth of 6 % to 7 %. This will be achieved by a solid position in gaining new large-scale projects with technology licensing partners, growth in new applications through strong innovation power and the further strengthing of the activities in China.

In addition to generating significant growth potential, the strategic focus of this business area was to optimize the allocation of existing resources on core business with strong market position and differentiation potential. To this end, Clariant divested the loss-generating

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KEY FINANCIAL FIGURES	TARGETS
704 Sales in CHF m	**+ 6 – 7 %** Growth potential per year
177 EBITDA[1] in CHF m	**24 – 26 %** EBITDA[1] target margin
25.1 % EBITDA[1] margin	

[1] before exceptional items

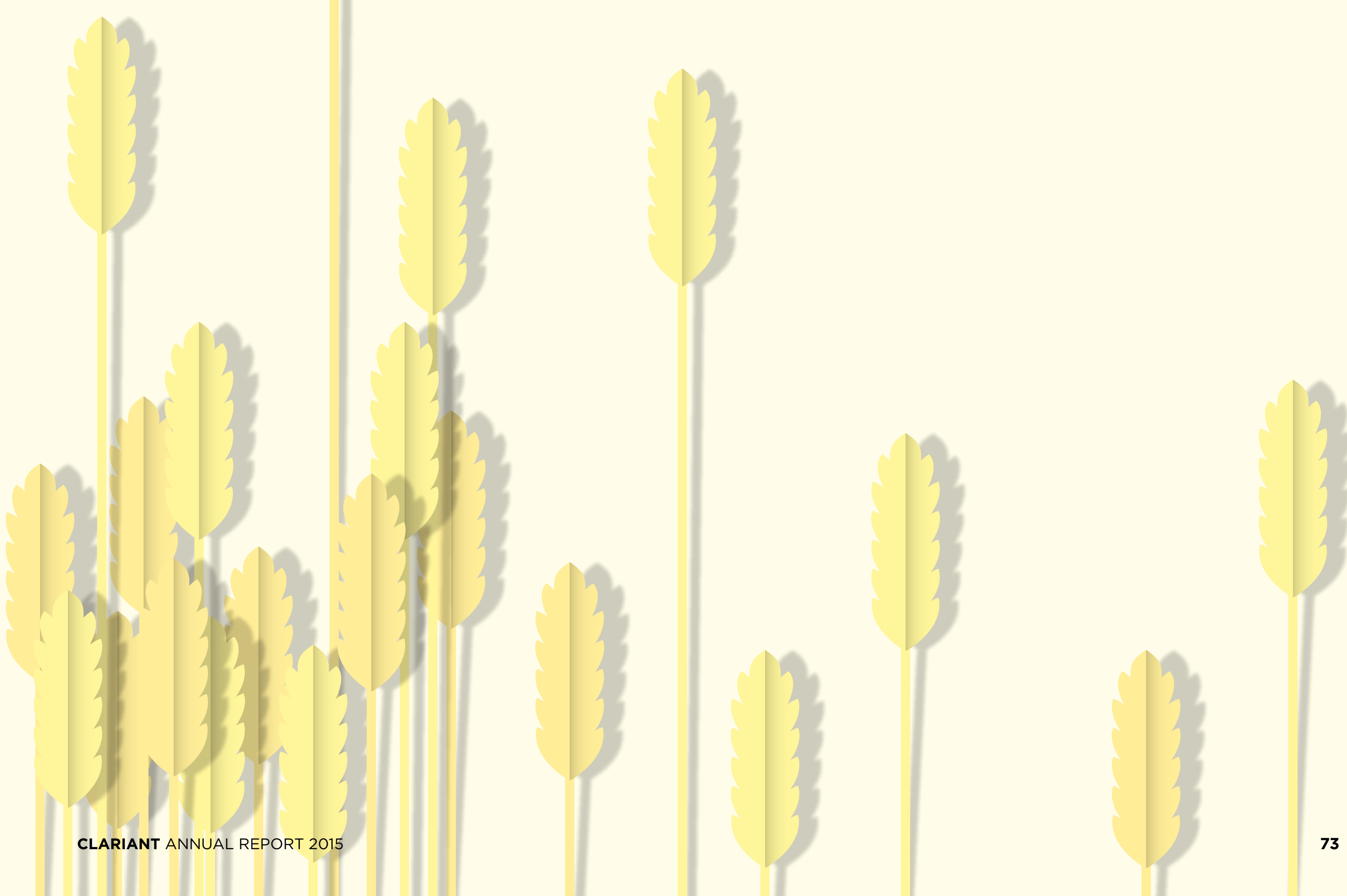
Discover Value
AMOMAX®

500 000 t

of CO_2 were avoided so far by shifting the currently 100 ammonia production facilities to AmoMax®-10

To feed the world in a more environmentally compatible way

The United Nations estimated that the world population will grow from 7.2 billion people in 2014 by 15 % to 8.1 billion in 2025. Over the same period of time, the global arable land is expected to expand by only 4 % – less than one third of the population increase. The great challenge of the future therefore is to close the gap by using the arable land more efficiently. Additionally, manufacture of fertilizers requires a lot of energy and generates substantial CO_2 emissions. Clariant has introduced a highly active catalyst, the innovative AmoMax®-10 catalyst, with substantially higher efficiency. As a result, significantly less energy is needed to produce ammonia as a fertilizer in food production.



»In the production of crop fertilizers you need a catalyst like AmoMax®-10 which is substantially more efficient and environmentally compatible.«

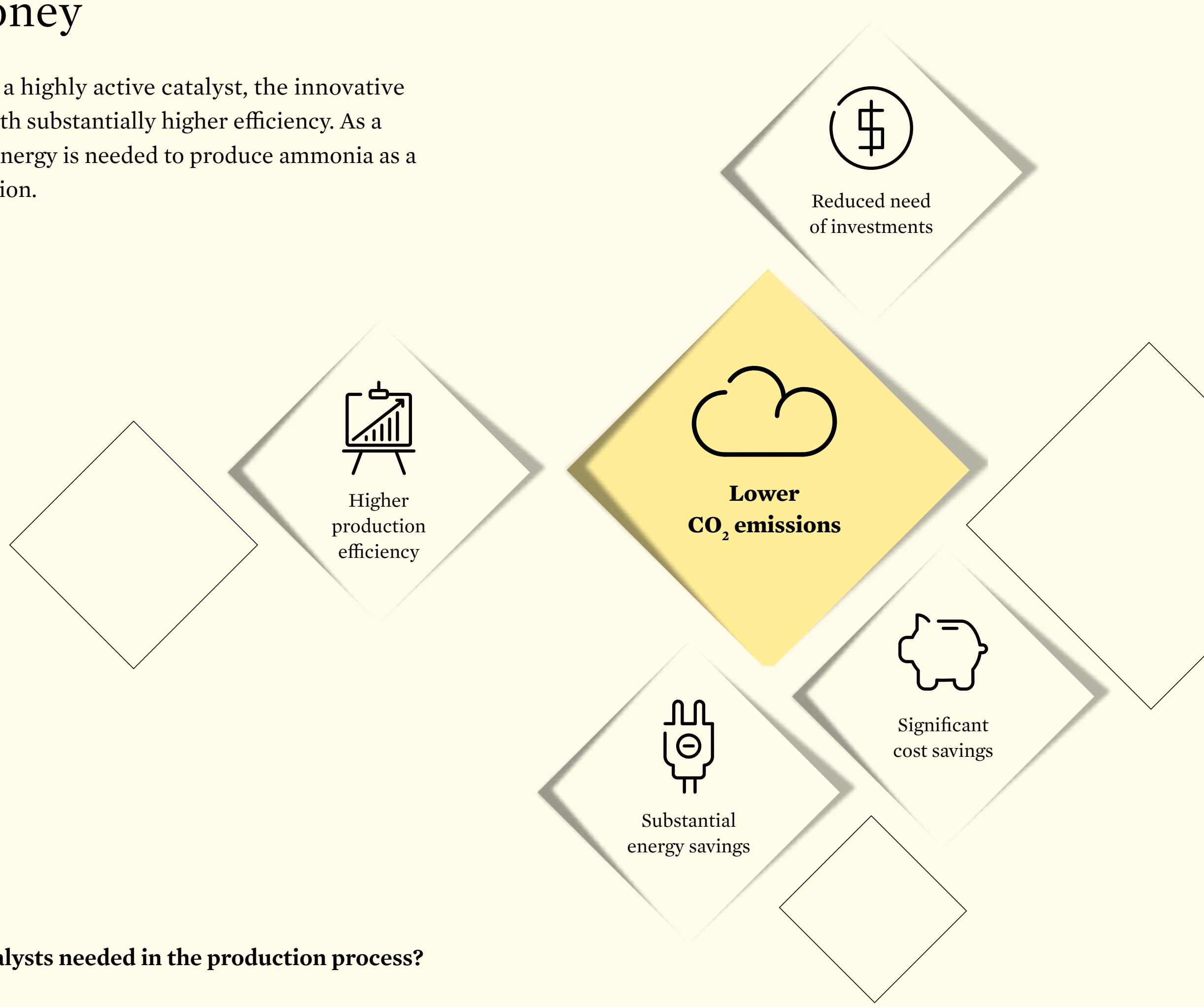
–

TAYLOR ARCHER

Global Director of Sales and Product Management – Ammonia and DRI Catalysts

Value for money

Clariant has introduced a highly active catalyst, the innovative AmoMax®-10 catalyst, with substantially higher efficiency. As a result, significantly less energy is needed to produce ammonia as a fertilizer in food production.



Mr. Archer, why are catalysts needed in the production process?

—

TAYLOR ARCHER With a catalyst, reactions occur faster and require less activation energy. Because catalysts are not consumed in the catalyzed reaction, they can continue to catalyze the reaction of further quantities of reactant. For example, by using Clariant's innovative and highly active AmoMax®-10 catalyst, significantly less energy is needed to produce ammonia.

For which industries does it make sense to use these catalysts?

—

TAYLOR ARCHER AmoMax®-10 catalysts are already very successfully used in the production of crop fertilizers, as approximately 80 % of ammonia is used to manufacture fertilizers. At the end of August, Clariant won the 100th global reference client strengthening our leading position in the ammonia catalysts industry.

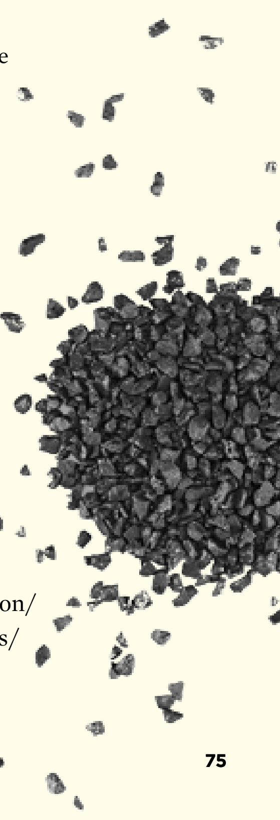
How can customers benefit from these catalysts?

—

TAYLOR ARCHER AmoMax®-10 stands out from other catalysts because it consists mainly of iron oxide containing mineral wustite and other specific promoters which improve its effectiveness. As a result, its activity is 20 % higher compared to catalysts based on magnetite which had been common before. The 100 ammonia production facilities that have switched to AmoMax®-10 so far have been saving around 1 000 gigawatt hours annually, which equals the energy consumption of a city with roughly 80 000 households and a saving of approximately 500 000 tons of CO_2 equivalents.

—

AMOMAX-10
Highly effective catalyst to produce fertilizers more efficiently



Would you like to learn more about this product innovation?

www.clariant.com/Innovation/Innovation-Spotlight-Videos/Reformax-Amomax

LEADING MARKET POSITIONS

1	2	2	4
Petrochemical catalysts	Syngas catalysts	Chemical catalysts	Polypropylene catalysts

TRENDS AND DRIVERS

- Maintain innovation leadership, licensing partnerships and customer focus culture
- Execute specific growth strategies for key regions (China, North America and Middle East)
- Continuous operational improvement and upgrade capabilities along the value chain
- Creating value through sustainable products and services

BROAD RANGE OF APPLICATIONS

- Ammonia
- Methanol
- Gas processing
- Fuel cell
- Steam cracker/Olefin purification
- Ethylene derivatives
- Styrene & BTX
- On-purpose propylene
- Polypropylene
- Hydrogenation
- Oxidation
- Custom catalysts
- Refinery hydrogen
- Fuel upgrading
- Refinery stream purification
- Gasoline desulfurization
- Zeolite powders
- Offgas treatment for chemical plants and stationary engines

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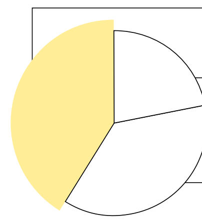
energy storage business that was previously part of this Business Area in 2015. The target margin for Catalysis is to remain at the high level reached in 2014 and 2015.

Emerging catalyst technologies minimize the environmental impact of the increasing chemical production worldwide

The readily addressable market for the Business Area Catalysis is roughly CHF 4 billion. The biggest growth potential is seen in the petrochemical, the polymerization and the environmental activities. The general market growth is driven by an increasing chemical production and the need for improving efficiency. The global production for the largest 20 chemical companies is expected to grow from roughly 800 million tons to 1.2 billion tons in 2020 and 2.3 billion tons in 2050. The energy consumption will more than double during this period. This challenge with incalculable environmental risks can be solved by using emerging catalyst technologies.

SHARE OF SALES BY BUSINESS SEGMENT



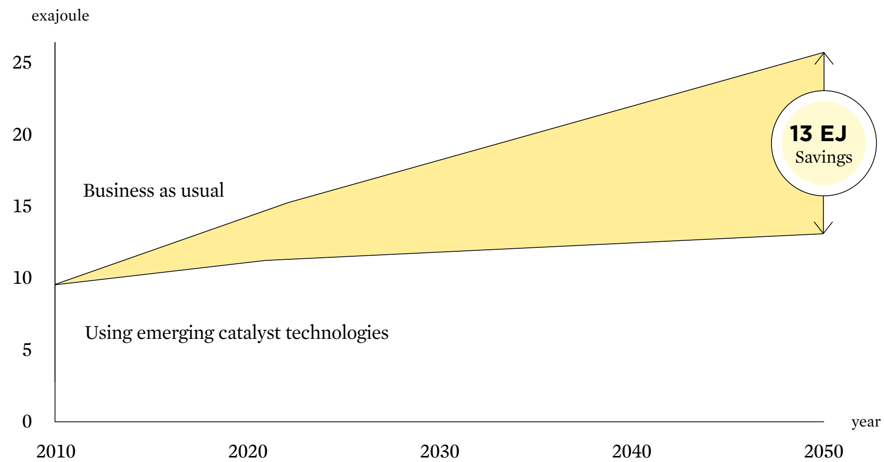
Petrochemicals	41 %
Syngas	22 %
Specialties (e.g. chemical catalysts, air purification, fuel upgrades)	37 %

ENERGY AND GREENHOUSE GAS REDUCTION VIA CATALYTIC PROCESSES

CATALYST AND PROCESS IMPROVEMENT IS CRITICAL

The manufacture of 18 products (among thousands) from the chemical industry accounts for 80% of energy demand in the chemical industry and 75% of greenhouse gas (GHG) emissions. Catalysts and related process improvements could reduce energy intensity[1] for these products by 20% to 40% as a whole by 2050 combining all scenarios. In absolute terms, such improvements could save as much as 13 exajoules (EJ) and 1 gigatonne (Gt) of carbon dioxide equivalent (CO_2-eq) per year by 2050 versus a »business-as-usual« scenario.[2]

[1] Energy used per unit of product produced
[2] An exajoule is 10^{18} joules. In 2010, the United States used 93 EJ of primary energy and Germany 13.7 EJ



Source: www.iea.org

INNOVATION HIGHLIGHTS

HIGHER EFFICIENCY IN VAM PRODUCTION

- VAMax™ makes the manufacture of vinyl acetate monomers (VAM) significantly more efficient
- Application areas include dispersions, polymer powders, solid resins and solutions for the construction, paints and coatings industries, as well as for use as a raw material for the adhesives, paper and textile industries
- The catalyst supports the reaction of ethylene and acetate with oxygen

CATALYST FOR PROPANE DEHYDROGENATION

- First Catofin® propane dehydrogenation plant in China to use Heat Generation Material (HGM) with excellent performance
- HGM is an innovative metal-oxide material which is designed to significantly increase selectivity and yield of Catofin® units
- Catalytic technology developed in co-operation with CB&I is now producing over 1.5 million tons of light olefins only in China

90% LESS GREENHOUSE GAS

Clariant's ENVICAT® catalysts help to prevent environmentally harmful nitrogen monoxide in a particularly efficient manner. Nitrogen monoxide is jointly responsible for the so-called greenhouse effect and also causes massive damage to the Earth's ozone layer. As an example, ENVICAT® is used in the manufacture of nitric acid, whereby 90% of greenhouse gas emissions can be avoided.

SHIFTMAX® 820S

CATALYST FOR SOUR GAS SHIFT

Clariant newly introduced its pre-sulfided ShiftMax® 820S Sour Gas Shift (SGS) catalyst with the successful start of a commercial methanol production facility of Shanghai Huayi Energy Chemical Co. Ltd. This is of particular significance as it is the first industrial application of this catalyst in China.

ShiftMax® 820S increases operational efficiency while reducing risks, costs and complexities for the chemical industry worldwide. The new SGS process for example reduces capital expenditure for the shift system by up to 20% and optimizes operating costs with up to 30% lower catalyst volume.

»Our innovative catalyst ShiftMax® 820S adds significant value for Chinese coal-to-chemical customers.«

HARALD DIALER
Head of Business Segment Syngas

Business Area

NATURAL RESOURCES

»The Business Area Natural Resources creates special chemicals which help to keep the global economic engine fueled.«

SVEN SCHULTHEIS
Head of Business Unit Functional Minerals

Business Area
NATURAL RESOURCES

The longer-term outlook for energy demand remains high and forecasts a narrowing of the supply-demand balance and the continued rise in the demand for hydrocarbon and metal ore-based materials with the global demand for oil increasing over the next 20 years. The oil and mining industries remain committed to ensuring that supply is maintained to meet the future demand. The Business Area Natural Resources is focused on step change innovative solutions that ensure that oil and mining companies alike can produce more efficiently, economically and sustainably.

Ensure the supply of resources

The management of the Business Area Natural Resources aims to achieve sales growth of 6 % to 7 % and an increase in EBITDA margins before exceptional items of 15 % to 17 %. With Oil & Mining Services and Functional Minerals, Natural Resources brings together two complimentary business units under one roof.

Functional Minerals is a leading global supplier of bentonite-based specialty products for various applications. Key markets include edible oil refining, metal casting and special civil engineering and tunneling. In addition, Functional Minerals also offers additives for animal feed, stabilizers for the plastics industry as well as additives for paper and detergent. The strategic strength of Functional Minerals comes from a fully integrated value chain, from exploration to operation of the mines as well as processing the natural resource bentonite to industrial and customized solutions. Sediment process-

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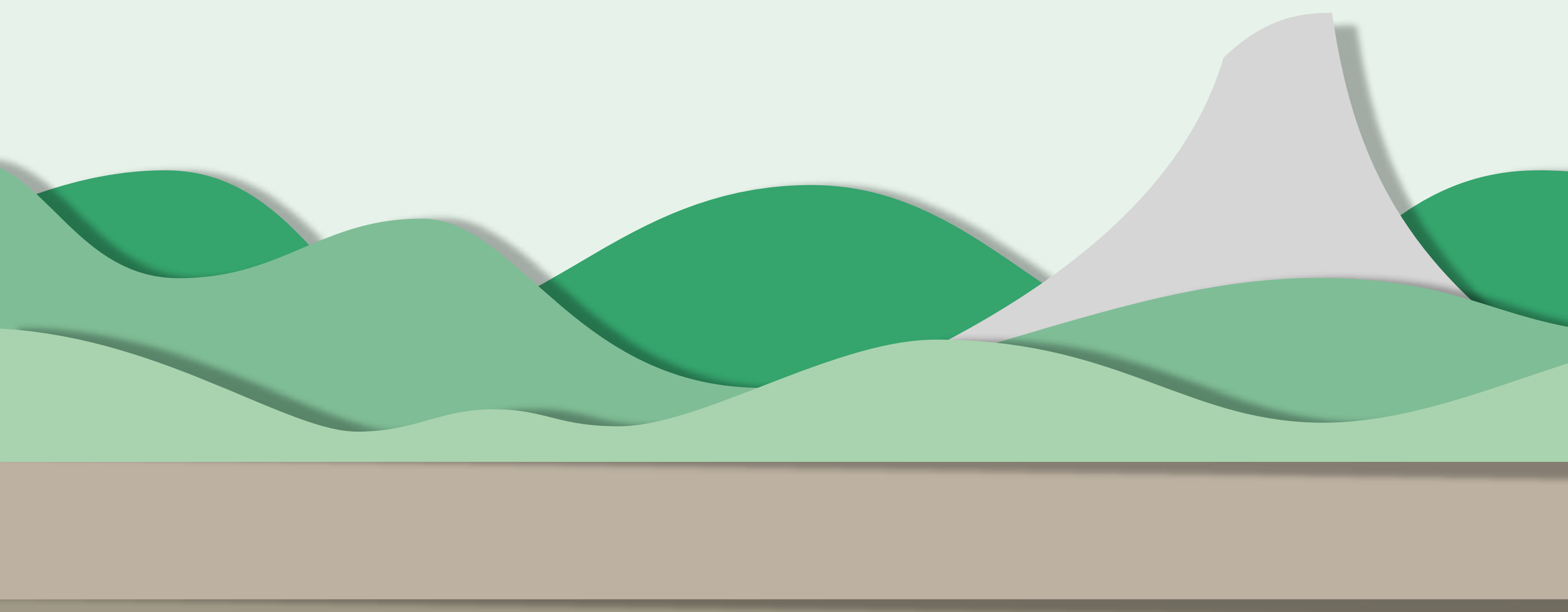
KEY FINANCIAL FIGURES	TARGETS
1 217 Sales in CHF m	**6 – 7 %** Growth potential per year
206 EBITDA[1] in CHF m	**15 – 17 %** EBITDA[1] target margin
16.9 % EBITDA[1] margin	

[1] before exceptional items

of harmful emissions in the foundry industry

Innovative technology to reduce environmental impact

Progressive industrialization has led to significant environmental pollution in many places. The public demands massive environmental precautions to counteract this promptly. With Ecosil® LE (Low Emission), Clariant provides the possibility to reduce the generation of harmful emissions in the foundry industry by up to 80 %. This creates value for the environment and Clariant's customers.



What is bentonite?

Bentonite is a mix of various clay minerals and is characterized by an especially high ability to absorb water, a high swellability, and thus a good bonding capacity for heavy metals and toxic substances, for example.

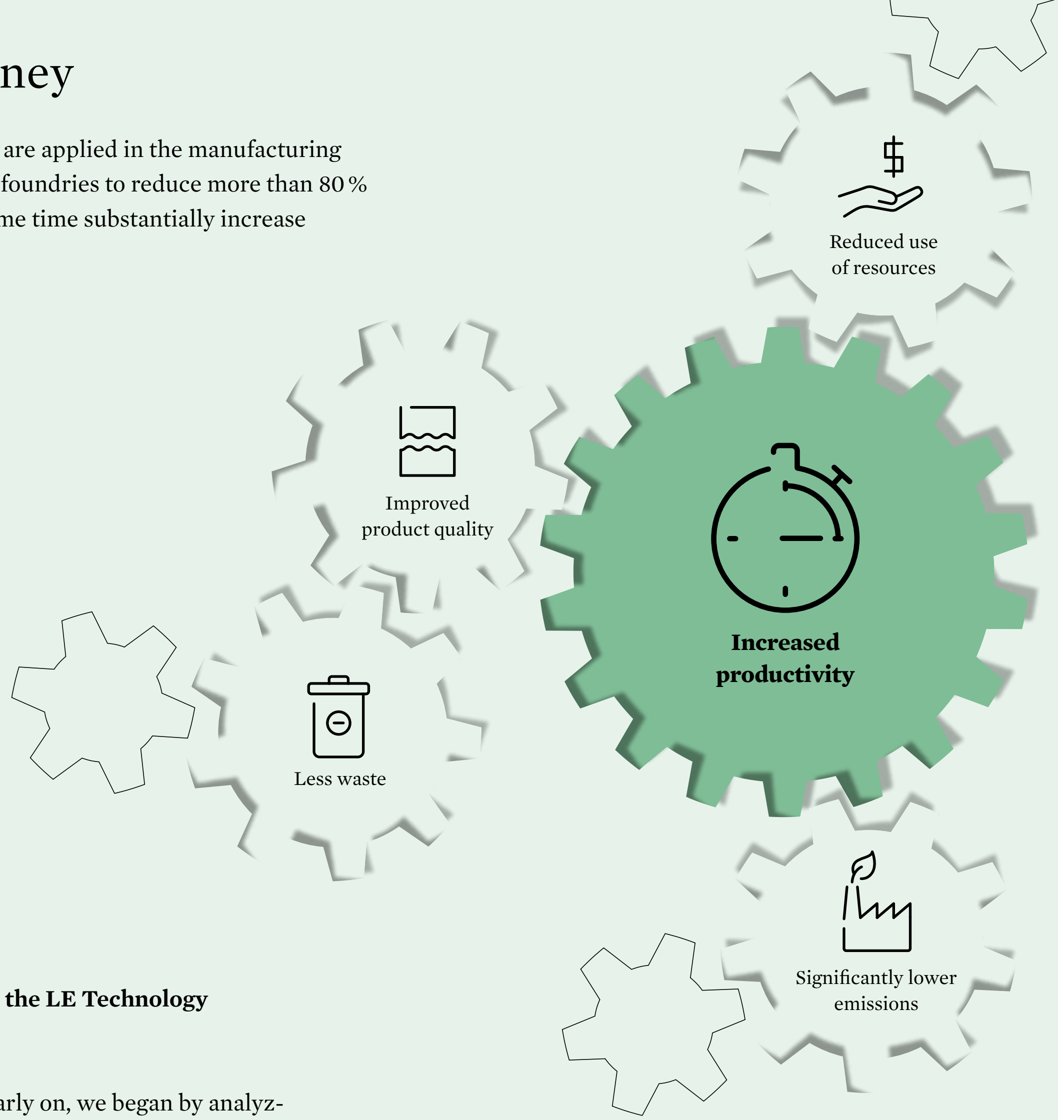
Areas of application for bentonite-based additives:
Civil engineering, drilling, metal casting, ceramics, detergents, papermaking, pharmaceuticals, cosmetics, feed, edible oil purification

»Our customers have monetary benefits.«

–
THOMAS ENGELHARDT
Lab Head Application Development EMEA and inventor of the LE Technology

Value for money

Bentonite based additives are applied in the manufacturing of casting molds and help foundries to reduce more than 80 % of emissions and at the same time substantially increase productivity.



Mr. Engelhardt, how was the LE Technology developed?

—

THOMAS ENGELHARDT Early on, we began by analyzing where the most harmful substances were created in the foundry process and how they could be avoided. What we discovered is that the green sand from which the molds are made for the foundry process can be manufactured in a much more environmentally compatible and efficient manner with special bentonite-based additives.

Which emissions does this include and how many of them can you actually avoid?

—

THOMAS ENGELHARDT The foundry process is conducted at temperatures of up to 1 500°C and in doing so, produces a variety of BTEX[1] emissions, which are all considered to be carcinogenic. These harmful emissions can be reduced by more than 80 % when using bentonite-based LE additives.

Does LE Technology have other positive properties?

—

THOMAS ENGELHARDT In addition to the environmental factor, our customers benefit from increased efficiency in the production process, improved product quality and less waste. Those are monetary benefits.

[1] BTEX stands for benzene, toluene, ethylbenzene, and xylenes

ECOTAIN®

Ecosil® LE meets the requirements of Clariant EcoTain® product screening and was given the label for outstanding sustainability properties.

Would you like to learn more?

www.clariant.com/en/Solutions/EcoTain-Products

Would you like to learn more about this Discover Value story?

www.clariant.com/en/Company/DiscoverValue/LETechnology

LEADING MARKET POSITIONS

1 Adsorbents

2 Refinery Services

3 Oil Services

4 Mining Services

BROAD RANGE OF APPLICATIONS

- Exploration/stimulation, production and EOR/production optimization
- Mining and fertilization industries
- Processing and blending chain
- Oil refining
- Metal casting
- Civil engineering and construction
- Plastic processing
- Feed additive
- Export packaging

TRENDS AND DRIVERS

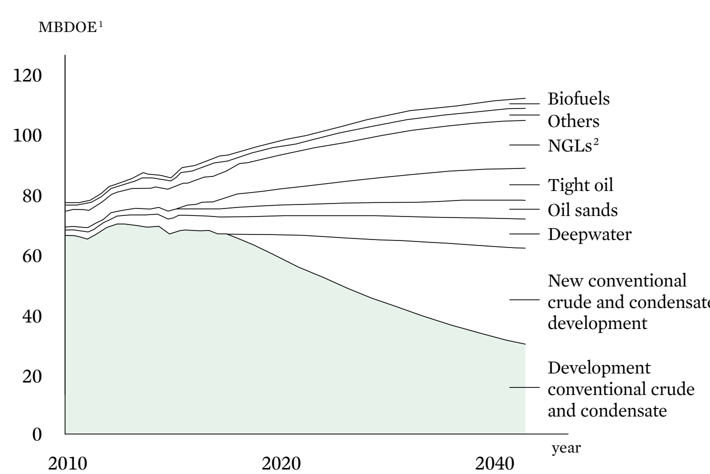
- Trends in exploration and production are focused on new sources of oil and gas
- New technology is focused on new hydrocarbon sources, such as unconventional as well extended asset life through prolonging the productivity of existing wells/infrastructure, including enable enhanced recovery as well as deeper hotter wells, including deep water
- Data management »big data and the digital oilfield« can reduce oil and gas companies operating costs and will increase uptime, expand capabilities and improve safety
- Expansion of market leadership in the areas of iron/copper ore flotation and development of new markets through innovation
- Increasing profitability for Functional Minerals through optimized cost and technology platforms
- Growth in the areas of sediment management and feed additives, as well as in the emerging markets for metal casting and refining of edible oils

← page 80

ing and feed additives in particular should generate global growth in the future. Additional growth initiatives come from the areas of metal casting and edible oil refining in emerging markets. A further increase in profitability will be pursued through increased cost efficiency, optimized technology platforms and a focus on more profitable application areas.

Oil & Mining Services provides innovative technology and service solutions that are tailored to meet customer needs. Oil Services is a world leader in the development, manufacture, application and supply of specialty chemicals and services to the oil and gas industry and is active across the whole value chain from drilling to production and transportation to refining. Mining Services is a leading provider of flotation chemicals and emulsifiers for explosives to the global mining industry. Refinery Services is a leading provider of cold-flow additive applications for middle distillates including diesel, home heating oil and biofuels.

LIQUIDS SUPPLY BY TYPE

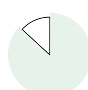


[1] MBDOE: Million barrels per day oil equivalent
[2] NGLs: Natural gas liquids
Source: www.exxonmobil.com/energyoutlook

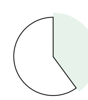
»Hydrocarbon production will rise 20 % by 2040. With a focus on North America and investments in innovation, infrastructure and people, Oil Services is ideally positioned to grow.«

JOHN DUNNE
Head of Business Unit Oil & Mining Services

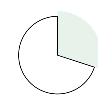
HOSTAFRAC™ SF BENEFITS

87% 

of the fracturing fluid used can be recovered

40% 

or more increase in production can be realized

~33% 

less chemicals needed to achieve the same performance

INNOVATION HIGHLIGHTS

ENVIRONMENTALLY COMPATIBLE FRACTURING TECHNOLOGY

With HOSTAFRAC™ SF, Clariant has achieved a technological breakthrough to extract shale oil in an environmentally acceptable and highly efficient manner using hydraulic fracturing. Extensive testing in direct collaboration with the customer showed that enhanced flow back of the hydraulic fracture fluid could be achieved when using HOSTAFRAC™ SF when compared to other commonly used flow back aids. This is achieved by reducing the capillary forces between the grains of rock in the reservoir using the sugar-based surfactant thereby enabling an increase in the flow rate and speed of well clean-up. The product meets the rigorous sustainability criteria for the Clariant EcoTain® label.

ARKOMON® XP 1014, EMULSIFIER FOR EXPLOSIVE EMULSIONS

Mining Services has developed an emulsifier technology allowing the use of low grade ammonium nitrates (AN) for explosive emulsion producers; providing a significant cost reduction and operational flexibility. This technology provides excellent stability of emulsions made with low grade ammonium nitrites with high crystal modifiers content. For producers not fully integrated in AN production this product provides superior performance and cost savings in the field. Additionally, this innovative product can be used with a wide range of AN grades, providing significantly improved operational flexibility.

EXPANSION

FIRST MULTI-PURPOSE FACILITY IN INDONESIA

- The location in Surabaya will support various Clariant activities under the leadership of the BU Functional Minerals
- Investment in the tens of millions
- Clariant's presence in Indonesia is growing to six production sites and three technical centers

»For us, Indonesia is an ideal location to benefit from the forecasted growth in the Southeast Asia-Pacific region.«

FRANÇOIS BLEGER

Head of the Southeast Asia & Pacific region

Business Area
PLASTICS & COATINGS

»The customers of Plastics & Coatings demand tailor-made innovations to support their success. Performance and sustainability of the products are the key value drivers for this Business Area.«

OLIVER KINKEL
Head of Business Unit Additives

Business Area
PLASTICS & COATINGS

The Business Area Plastics & Coatings not only has the highest sales in the Clariant Group, it also covers the broadest range of customer industries. Advanced technology products and innovations, for example, improve building insulation, prevent the flammability of mobile phones and better protect motorists and cyclists with more visible road markings. The increasing global standards of living and growing demand in the emerging markets ensure solid growth of the Business Area.

Why is the Business Area Plastics & Coatings becoming separate subsidiaries?

To take full advantage of the Business Area's value creation potential, Plastics & Coatings was spun off in separate subsidiaries on 1 January 2016. In doing so, the area can be managed toward higher absolute profitability and cash generation. Plastics & Coatings operates primarily in already saturated markets and therefore requires differentiated business management. The existing structures of the Business Units Additives, Masterbatches and Pigments with their approximately 6 900 employees, all of their assets and payables will remain the same.

In step with the global economy

Since Plastics & Coatings supplies almost all industries with its products, the segment is also growing at about the pace of the global economy. Plastics & Coatings will be steered towards higher absolute profitability and cash generation. This is expected to be accomplished by improving cost efficiency, gaining market share,

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KEY FINANCIAL FIGURES

2 441

Sales in CHF m

313

EBITDA[1] in CHF m

12.8 %

EBITDA[1] margin

[1] before exceptional items

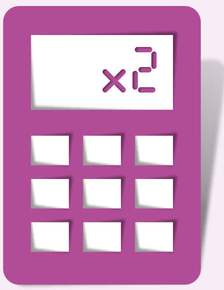
TARGETS

≙ global GDP

Growth potential per year

steered for absolute EBITDA and cash flow generation

Discover Value
EASILY DISPERSIBLE PIGMENTS



~ 90 %

less energy consumption during paint production with the use of ED Pigments

Easily visible in all kinds of weather

In large European cities, more and more biking trails are becoming accessible and color is used to mark them as such in contrast to other traffic lanes. 30° celsius in the summer, –10° celsius in the winter, rain, hail, snow, salt and thousands of vehicles – and yet the markings should remain clearly visible for many years. Clariant's scientists are the first to find a solution with easily dispersible (ED) pigments, which make the coloring and production of road marking simpler and more environmentally compatible and ensure the same level of performance in later use.

A wide range of colors for every occasion

ED pigments are not only easily dispersible, they offer the opportunity to save conversion costs and bring more flexibility in production than standard pigments.

NOVOPERM® YELLOW F2G-EDS (PY194)

NOVOPERM® YELLOW H4G-EDS (PY151)

NOVOPERM® YELLOW HR70-EDS (PY83)

NOVOPERM® YELLOW M2R70-EDS (PY139)

NOVOPERM® ORANGE HL70-EDS (P036)

HOSTAPERM® RED D3G70-EDS (PR254)

HOSTAPERM® PINK E-EDS (PR122)

HOSTAPERM® VIOLET RL-EDS (PV23)

HOSTAPERM® BLUE B2G-EDS (PB15:3)

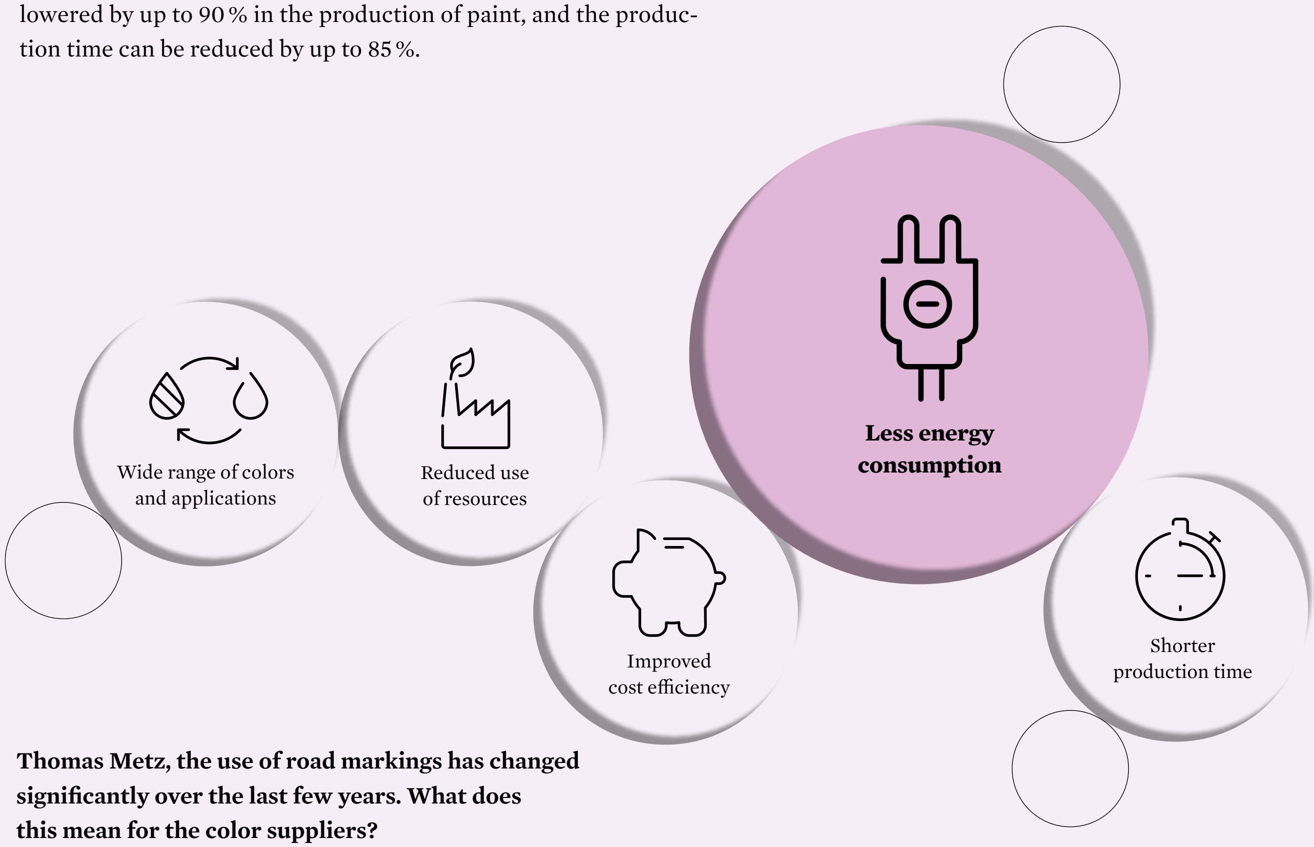
HOSTAPERM® GREEN GNX-EDS (PG7)

»Clariant is the very first to succeed in manufacturing an easily dispersible organic pigment.«

–
THOMAS METZ
Head of Global Technical Marketing Coatings

Value for money

Through the use of ED pigments, energy consumption can be lowered by up to 90 % in the production of paint, and the production time can be reduced by up to 85 %.



Thomas Metz, the use of road markings has changed significantly over the last few years. What does this mean for the color suppliers?

—

THOMAS METZ In the past, the color white was sufficient to mark the lanes. Today, we have significantly more traffic and new challenges in the marking of bike paths or bus lanes: the color palette needed is much more extensive.

And what has Clariant to do with it?

—

THOMAS METZ Clariant provides organic pigments for road markings that meet the increased customer requirements: easy processing, broad range of colors, excellent abrasion resistance and the ability to withstand environmental stresses, all while being environmentally compatible. That is why we have developed ED Pigments.

Everyone describes themselves as environmentally compatible these days, right?

—

THOMAS METZ In ED Pigments, this is substantiated by hard numbers: Energy consumption in paint production can be reduced by up to 90 %, the production time can be reduced by up to 85 % and as a result, the costs are also reduced by up to 30 %. And the range of applications is very large: marine coatings, industrial paints or decorative colors. Our ED Pigments can be used to improve value everywhere.

ECOTAIN®

ED Pigments meet the requirements of EcoTain® and was given the label for outstanding sustainability properties by Clariant.

Would you like to learn more?

www.clariant.com/en/Solutions/EcoTain-Products

Would you like to learn more about this Discover Value story?

www.clariant.com/en/Company/DiscoverValue/EDPigments

LEADING MARKET POSITION

1	1	2
Masterbatches	Decorative coatings	Industrial coatings

BROAD RANGE OF APPLICATIONS

- Packaging
- Consumer goods
- Automotive and transportation
- Building, construction and infrastructure
- Electric and electronics
- Printing industry
- Medical pharma
- Textile and fibers
- Agriculture

TRENDS AND DRIVERS

- Expansion of presence in emerging markets
- Development of sustainable, innovative colorants and additives for improving the properties of plastics, paints and coatings
- Continuous improvement of cost efficiency
- Special initiatives for product groups with dynamic growth such as flame retardants

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further promoting the theme of sustainability, and maintaining innovative capacity.

The Business Area Plastics & Coatings consists of the three Business Units Additives, Masterbatches and Pigments.

Additives

BU Additives is a major supplier of products with functional effects in plastics, coatings, printing inks and other applications. Innovative products such as non-halogenated flame retardants provide environmentally compatible protection for electrical and electronic equipment. Additives also produces waxes for plastic applications, hot melt adhesives, polishes and protective coatings. Polymer additives prevent oxidation, dissipate electric charge accumulation and improve heat, light and weather resistance. A crucial element of the business strategy is to expand presence in China and North America.

Additives are used in many industries such as

- Automotive, Electric & Electronics: solutions for light and heat stabilization, flow properties improvements, flame retardancy
- Packaging: solutions for the production of very thin flexible packaging films and further recycling
- Agriculture: solutions for light and thermal control of agriculture films that enable an improved crop yield

Masterbatches

BU Masterbatches operates as one of the leading global suppliers of color and additive concentrates as well as technical composites for the plastics industry. The Business Unit is active in the markets for packaging, consumer goods, medicine and pharmaceuticals, textiles, transport and agriculture. More than 50 production facilities worldwide ensure that customers can be supplied both locally and internationally. The strategic focus is on regional growth and attractive market segments with promising prospects.

Masterbatches are used…

- in products and services for the plastics processing industry
- in special bottles and films for transport packaging, intelligent packaging and solar panels
- for protection against moisture and oxygen in drug packaging

Pigments

BU Pigments is a globally leading supplier of organic pigments, pigment preparations and colorants. The vastly diverse portfolio corresponds to the high standards for colors and coatings in industrial, automotive and construction applications. The Business Unit also provides solutions for the plastics industry, for special applications in the aluminum, agricultural and consumer goods sectors, as well as for traditional printing processes, inkjet printing and toner applications. The central goals of the Business Unit are the continuous improvement of its competitiveness, the strengthening of its position as a leading innovative supplier of color solutions, in addition to its further expansion in emerging markets.

Pigments are needed…

- for decorative, industrial and automotive coatings
- for the coloration of plastic applications
- for special applications as well as for applications for conventional printing inks, inkjet inks and electrophotographic toners

ADDITIVES

ADDWORKS® AGC

With AddWorks® AGC solutions, Clariant supports the development of effective crop protection with innovative stabilization solutions which improve durability of agricultural plastic films, such as greenhouses, mulch and silage films. AddWorks® AGC solutions, based on novel technology Hostavin® NOW, provide very strong resistance to agro-chemicals with efficient UV protection, thus helping to extend plastic service life.

MASTERBATCHES

COLORFORWARD® 2016

ColorForward® helps designers and marketing professionals make more informed color choices. Each edition presents four global societal trends which are related to different colors or color combinations. Surveying global trends and creative workshops are important elements in the selection process which involves collaboration between plastics and color specialists, consumer-science experts, designers, and product marketers. The 2016 global societal trends are: Liquid minds, Oh my Gold!, Love Technology and Work it Girl!

PIGMENTS

LEAD CHROMATE REPLACEMENT

The novel greenish yellow pigment, PV Fast Yellow H4G, is a safe replacement of chromate yellow pigments. PV Fast Yellow H4G provides on its own or in combination with organic and inorganic pigments, valuable alternatives to lead chromate yellow pigments in terms of shade, opacity, light and weather fastness, chemical stability and coloration costs.

EXTERNAL RECOGNITION & CERTIFICATION

LICOCENE® FINALIST FOR INNOVATION AWARD

- One-of-a-kind product features
- Good environmental compatibility
- Production capacity at Frankfurt location expanded by 50%
- Significant weight and thus fuel savings when using Licocene® FR112 as a hot melt adhesive for carpets in airplanes and trains

SUSTAINABLE INNOVATIONS ECOTAIN® LABELED

- Exolit®OP 1230, 1240, 930 and 935, pioneering non-halogenated flame retardants meeting the highest standards of product safety
- Ceridust® 8330 and 8090 are bio-based additives that are specifically designed for printing inks and wood coatings and are 100% recyclable
- Hostaperm® Pink E, produced from renewable raw materials, a high-performance pigment used in the coloring of paints and coatings

INNOVATION

PINK GOING GREEN

Hostaperm® Pink E, one of Clariant's most important polycyclic pigments, reflects the switch to more sustainable products. Quinacridone pigments based on renewable raw materials produce brilliant colors and are on par with petrochemical-based pigments regarding durability. They are used in applications such as automotive, industrial and decorative coatings.

»The development of products based on renewable raw materials is an important part of our R&D focus.«

STEFAN OHREN

Head of Product Management High Performance Polycyclic Pigments

Financial
REVIEW

Despite a challenging economic environment and unfavorable currency movements, Clariant continued to improve its business performance in 2015. With a solid sales growth in local currencies, a higher profitability driven by the three higher-growth Business Areas Care Chemicals, Catalysis and Natural Resources, and a significantly improved operating cash flow, Clariant achieved its objectives for the reporting year.

Business performance in 2015

Summary statement for the business year 2015

Clariant recorded in the year under review Group sales of CHF 5 807 million from continuing operations. This is a 3 % growth in local currencies (– 5 % in Swiss francs). Growth was driven by a very strong presence in Latin America and a solid growth in North American activities. Asia, not including China, was also able to improve sales figures in 2015, while China posted a substantial decline due to growing economic uncertainties. Sales in Europe declined slightly. The volume increase could not offset the significantly negative currency effects, against a background of a stable pricing environment.

For the seventh consecutive year, Clariant succeeded in increasing the EBITDA margin before exceptional items. The margin expanded substantially by 50 base points from 14.2 % to 14.7 % due to favorable volume growth and product mix. EBITDA before exceptional items was CHF 853 million, an increase of 8 % in local currencies.

Operating cash flow improved substantially from CHF 334 million to CHF 502 million stemming from a sustainable working capital management.

Business operations

Corporate strategy based on five pillars

In order to reach the mid- to long-term objectives, Clariant focuses its corporate strategy on five central pillars:

- Increase profitability
- Reposition portfolio
- Add value with sustainability
- Foster innovation and R&D
- Intensify growth

Clariant's corporate strategy will help to position the company as a leading specialty chemicals company with a return on invested capital (ROIC) above peer group average and an EBITDA margin target range of 16 % to 19 %.

The EBITDA margin target of 16 % to 19 % will be achieved by further launches of innovative solutions as well as through cost efficiency measures.

»We increased profitability and significantly improved operating cash flow.«

HARIOLF KOTTMANN
Chief Executive Officer

Separate business area Plastics & Coatings

Clariant established separate legal entities for the Business Area Plastics & Coatings in order to fully leverage the value creation potential for the company. The new Plastics & Coatings subsidiaries will enable differentiated business steering with a clear focus on absolute profitability and cash generation to further safeguard and improve competitiveness in their respective markets. The existing business unit structure with Additives, Masterbatches, and Pigments will be maintained with approximately 6 900 employees, all assets and liabilities. The new entities across the world are fully owned by Clariant and started operating as of 1 January 2016.

General conditions

Decision of Swiss National Bank

On 15 January 2015, the Swiss National Bank announced that it was discontinuing the minimum exchange rate of CHF 1.20 per euro. The Swiss franc increased in 2015 to an average of CHF 1.08 per Euro (an increase of 10 % compared to the previous year). The appreciation of the Swiss franc with the weakening or devaluation of the Euro compared to the US dollar, did impact Clariant's sales and profitability in absolute terms, but was fairly neutral in terms of relative margins. Other important currencies for Clariant showed a mixed picture compared to the Swiss franc. While the Brazilian real (– 32 %), the Indian rupee (– 4 %) and the Japanese yen (– 1 %) lost, the US dollar was unchanged against the Swiss currency.

Profit and financial situation

KEY FIGURES FOR CONTINUING OPERATIONS in CHF m

	2015	2014	Change in %
Sales	**5 807**	6 116	– 5
Gross profit on sales	**1 787**	1 772	1
EBITDA before exceptional items	**853**	867	– 2
Margin (%)	**14.7**	14.2	
EBIT before exceptional items	**596**	585	2
Margin (%)	**10.3**	9.6	
EBIT	**496**	525	– 6
Income before taxes	**300**	379	– 21
Net income	**227**	235	– 3
Basic earnings per share	**0.67**	0.55	22
Adjusted earnings per share	**1.01**	1.12	– 10

Solid sales growth in local currencies driven by improved volumes

Driven by a solid volume growth, Group sales in local currencies improved by 3 % compared to the preceding year. As a result of the negative exchange rate effect of – 8 %, Clariant reported a decrease of 5 % to CHF 5 807 million in the 2015 reporting year (2014: CHF 6 116 million). Sequentially an improving sales progression was observed during the year. The fourth quarter was the strongest in terms of sales, driven by volume increase.

Solid growth in Latin America

Despite the economic uncertainties, Clariant was able to report good sales growth of 19 % in Latin America in local currencies. After conversion into Swiss francs, sales only grew by 4 %, given the substantial devaluation of the region's currencies. A solid sales growth of 4 % in local currencies was generated in North America, which corresponded to growth of 7 % in CHF. Europe showed a slight decline in sales of 1 % in local currencies impacted by Germany.

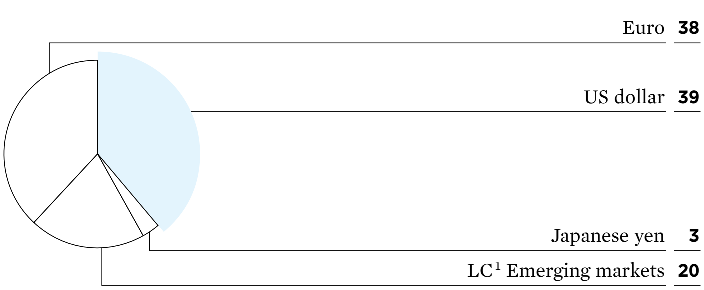
Due to the fact that many important countries in the Middle East and Africa were severely affected by the drop in the oil price, sales in this region decreased by 6 % in local currencies compared to 2014 (– 12 % in CHF). Asia-Pacific posted a decline of 1 % in local currencies (– 4 % in CHF), mainly negatively impacted by China, which dropped 14 % in local currency (– 13 % in CHF).

SALES BY REGION – CONTINUING OPERATIONS in CHF m

	2015	2014	Change in %	Change in LC[2] in %
Europe	**1 931**	2 232	– 13	– 1
MEA[1]	**405**	461	– 12	– 6
North America	**1 077**	1 006	7	4
Latin America	**1 021**	984	4	19
Asia-Pacific	**1 373**	1 433	– 4	– 1
Total	**5 807**	**6 116**	– 5	3

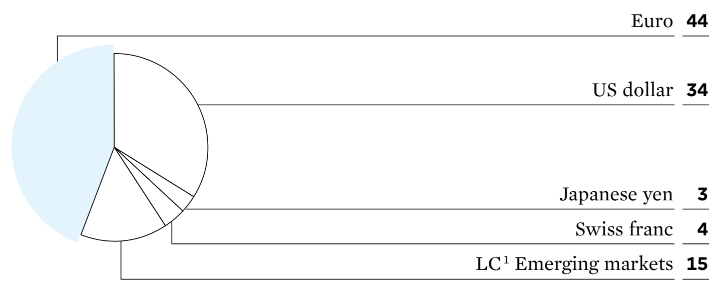
[1] Middle East/Africa
[2] LC = Local currency

SALES STRUCTURE BY CURRENCIES 2015 in %



[1] LC = Local currency

COST STRUCTURE BY CURRENCIES 2015 in %



[1] LC = Local currency

SALES BY BUSINESS AREA in CHF m

	2015	2014	Change in %	Change in LC[1] in %
Care Chemicals	**1 445**	1 511	– 4	4
Catalysis[2]	**704**	729	– 3	4
Natural Resources	**1 217**	1 297	– 6	4
Plastics & Coatings	**2 441**	2 579	– 5	1
Total	**5 807**	**6 116**	– 5	3

[1] LC = Local currency
[2] »Catalysis & Energy« was renamed »Catalysis« after the Energy Storage business was sold. The transaction closed on 28 February 2015.

The sales developments of all four underlying business operations were positive in local currencies in 2015, but dropped in Swiss francs. Sales of Care Chemicals increased by 4 % in local currencies (– 4 % in CHF) due to a strong growth in Consumer Care products. Sales in Catalysis increased by 4 % in local currencies (– 3 % in CHF) driven by a strong demand in North America. Natural Resources posted solid gains in local currencies of + 4 % (– 6 % in CHF). Plastics & Coatings was up 1 % in local currencies (– 5 % in CHF), mainly driven by Masterbatches.

Gross and EBITDA margins further improved

In view of a better product mix, lower raw material prices and reclassification of costs to Selling, General and Administrative Expenses (SG&A), Clariant was able to improve the gross margin from 29.0 % in 2014 to 30.8 % in 2015.

The Group's EBITDA before exceptional items improved by 8 % in local currencies (– 2 % in CHF) to CHF 853 million (2014: CHF 867 million). The EBITDA margin improved from 14.2 % to 14.7 %.

EBITDA[1] BY BUSINESS AREA in CHF m

	2015	2014	Change in %	Change in LC[2] in %
Care Chemicals	**272**	259	5	14
Catalysis[3]	**177**	171	3	12
Natural Resources	**206**	191	8	18
Plastics & Coatings	**313**	360	– 13	– 8
Total[4]	**853**	**867**	– 2	8

[1] before exceptional items
[2] LC = Local currency
[3] »Catalysis & Energy« was renamed »Catalysis« after the Energy Storage business was sold. The transaction closed on 28 February 2015.
[4] includes corporate costs of CHF 115 m in 2015 and CHF 114 m in 2014

The improvements were driven by the Business Areas Care Chemicals (+ 14 % in local currencies; + 5 % in CHF), Catalysis (+ 12 % in local currencies; + 3 % in CHF) and Natural Resources (+ 18 % in local currencies; + 8 % in CHF;). Plastics & Coatings was below the previous year's level (– 8 % in local currencies; – 13 % in CHF).

EBITDA[1] MARGIN BY BUSINESS AREA in %

	2015	2014
Care Chemicals	**18.8**	17.1
Catalysis[2]	**25.1**	23.5
Natural Resources	**16.9**	14.7
Plastics & Coatings	**12.8**	14.0
Total[3]	**14.7**	**14.2**

[1] before exceptional items
[2] »Catalysis & Energy« was renamed »Catalysis« after the Energy Storage business was sold. The transaction closed on 28 February 2015.
[3] includes corporate costs of CHF 115 m in 2015 and CHF 114 m in 2014

The progression in EBITDA margin before exceptional items came primarily from the Business Areas Care Chemicals, Catalysis, and Natural Resources. They significantly increased their EBITDA margins throughout 2015 compared to the previous year, while in Plastics & Coatings the margin declined versus the previous year due to the increasingly challenging markets.

In order to increase profitability and cash flow over a sustained period, Clariant implements measures designed to improve the Group's performance. The aim of these efforts is to increase the Group's operating result.

The changes made to the processes and structures generated restructuring expenses that amounted to CHF 51 million in 2015 (2014: CHF 96 million). The impairment loss recognized in 2015 (CHF 14 million) relates to disposal projects. The amount decreased significantly compared to 2014 (CHF 116 million). The negative impact of loss on impairment was offset by gain from disposal of activities not qualifying as discontinued operations amounted to CHF 15 million in 2015 (2014: CHF 168 million). Notwithstanding, the operating income (EBIT) decreased in 2015 to CHF 496 million (2014: CHF 525 million).

The negative financial result increased from CHF 146 million to CHF 196 million in 2015 mainly due to the negative currency result. Income before taxes decreased accordingly to CHF 300 million (2014: CHF 379 million). After the impact of taxes, the net result from continuing operations amounted to CHF 227 million compared to CHF 235 million in 2014.

Considering the solid business development which almost fully compensated for the appreciation of the Swiss franc, Clariant's Board of Directors have decided to propose to the general assembly an unchanged distribution of CHF 0.40 per share for 2015. The corresponding proposal will be presented to the 21st Annual General Meeting on 21 April 2016.

Business Area analysis

Care Chemicals

CARE CHEMICALS KEY FIGURES in CHF m

	2015	2014
Sales	**1 445**	1 511
EBITDA before exceptional items	**272**	259
Margin (%)	**18.8**	17.1
EBIT before exceptional items	**226**	211
Margin (%)	**15.6**	14.0
Headcount	**2 321**	2 203

- Sound sales growth in local currencies especially driven by Consumer Care products
- Focus on innovations and higher margin products pays out on profitability

Sales in the Business Area Care Chemicals increased by 4 % in local currencies but dropped 4 % in Swiss francs in 2015 compared to the previous year. There was double-digit growth in Latin America and Middle East & Africa, and single-digit growth in Asia, while Europe and North America were below the previous year's level. The strength in Personal Care and Home Care primarily contributed to the good growth, despite a weak de-icing business due to very mild winter months in Europe and North America.

The EBITDA margin before exceptional items increased substantially to 18.8 %, from 17.1 % in the previous year. The increase was driven by an improved product mix and volume growth.

For 2016, Care Chemicals expects continued solid sales growth in Personal Care, Crop Solutions and Home Care driven by new products and sustainable solutions like its GlucoTain® range of innovative sugar-based surfactants for personal care formulations.

Catalysis[1]

CATALYSIS KEY FIGURES in CHF m	2015	2014
Sales	**704**	729
EBITDA before exceptional items	**177**	171
Margin (%)	**25.1**	23.5
EBIT before exceptional items	**127**	113
Margin (%)	**18.0**	15.5
Headcount	**1 748**	1 790

[1] »Catalysis & Energy« was renamed »Catalysis« after the Energy Storage business was sold. The transaction closed on 28 February 2015.

- Strong demand in North America compensated weaker development in China
- Profitability improved due to a better mix effect

Sales in the Business Area Catalysis increased by 4 % in local currencies (– 3 % in CHF), fueled by strong growth in Petrochemicals and Syngas. Underlying sales for the Business Area was impacted by the divestment of the Energy Storage business, in February 2015. Excluding this effect Catalysis grew 7 % in local currencies.

The EBITDA margin before exceptional items of Catalysis increased to 25.1 % (2014: 23.5 %) in 2015 due to an improved product mix compared to the previous year.

For 2016, growth in Catalysis should come from new process developments and new products. Partnerships such as CB&I's Lummus Novolen Technology for polypropylene catalysts will contribute first sales in 2016.

Natural Resources

NATURAL RESOURCES KEY FIGURES in CHF m	2015	2014
Sales	**1 217**	1 297
EBITDA before exceptional items	**206**	191
Margin (%)	**16.9**	14.7
EBIT before exceptional items	**171**	154
Margin (%)	**14.1**	11.9
Headcount	**2 931**	2 878

- Significant gain in sales in local currencies despite a tough environment, particularly in Oil Services
- Profitability improved based on better product mix and cost position

Sales in the Business Area Natural Resources compared to 2014 went up 4 % in local currencies (– 6 % in CHF) as a result of higher volumes. In the Oil & Mining Services (OMS) business, revenues improved substantially in local currencies compared to the previous year's sales. Sales in Functional Minerals in local currencies were comparable to the previous year.

The EBITDA margin before exceptional items of Natural Resources improved to 16.9 % from 14.7 % in 2014. A better mix effect and cost position improvements in both businesses were the main drivers for a stronger profitability.

For 2016 and beyond, Natural Resources anticipates continued growth. Functional Minerals will focus on accompanying growth in emerging markets and North America with selective investments in these regions. One example will be a new bleaching earth plant which will be built in Surabaya (Indonesia) to enhance a wide range of products and processes in various industries from food to foundry. Oil & Mining Services expects continued moderate sales growth in local currencies based on new contracts, although the decline in oil prices might somewhat impact the short-term growth dynamics of the business.

Plastics & Coatings

PLASTICS & COATINGS KEY FIGURES in CHF m

	2015	2014
Sales	**2 441**	2 579
EBITDA before exceptional items	**313**	360
Margin (%)	**12.8**	14.0
EBIT before exceptional items	**234**	275
Margin (%)	**9.6**	10.7
Headcount	**6 879**	6 907

- Demanding market environment but improvements in Masterbatches
- Strategic decision to establish subsidiaries for Plastics & Coatings

In the Business Area Plastics & Coatings sales in local currencies grew slightly by 1 % (– 5 % in CHF) compared to the previous year, despite the very demanding environment. Sales growth in Masterbatches was supported by good growth in Medical Specialties and Packaging. Additives sales were slightly below the previous year. Growth in Waxes could not compensate for weaker demand in Flame Retardants. In Pigments the very challenging environment persisted given the weak demand in Europe and China.

The EBITDA margin before exceptional items of 12.8 % was below the previous year's 14.0 %. The profitability of all three Business Units remained below the previous year due to the increasingly challenging markets, especially in Pigments throughout 2015.

Pigments will focus on growth projects like the forward integration with pigment preparations leveraging its broad regional and application coverage, taking advantage of Clariant's formulation know-how and global footprint. Market penetration with innovative Easy Dispersible Pigments (ED Pigments) will continue.

Masterbatches expects further growth driven by capacity expansion projects like the new manufacturing plant for Medical Masterbatches in Cuddalore (India), for moisture-control products used in pharmaceutical packaging that will support the growing generic pharmaceutical industry in India.

In Additives, the solutions called AddWorks, which combine several functionalities in application specific products, are expected to provide additional growth.

Summary of financial statements

CONSOLIDATED BALANCE SHEETS

at 31 December 2015 and 2014	Notes[1]	**31.12.2015 in CHF m**	in %	31.12.2014 in CHF m	in %
Assets					
Non-current assets					
Property, plant and equipment	5	2 083		2 104	
Intangible assets	6	1 350		1 487	
Investments in associates and joint ventures	7	586		635	
Financial assets	8	77		44	
Prepaid pension assets	17	47		18	
Deferred tax assets	9	256		271	
Total non-current assets		**4 399**	**59.0**	**4 559**	**57.6**
Current assets					
Inventories	10	811		930	
Trade receivables	11	934		985	
Other current assets	12	328		385	
Current income tax receivables		46		56	
Nearcash assets	13	152		180	
Cash and cash equivalents	14	789		748	
Total current assets		**3 060**	**41.0**	**3 284**	**41.5**
Assets held for sale	**23**	**2**	**–**	**72**	**0.9**
Total assets		**7 461**	**100.0**	**7 915**	**100.0**
Equity and liabilities					
Equity					
Share capital	15	1 228		1 228	
Treasury shares (par value)	15	– 34		– 45	
Other reserves		382		852	
Retained earnings		841		574	
Total capital and reserves attributable to Clariant shareholders		**2 417**		**2 609**	
Non-controlling interests		77		124	
Total equity		**2 494**	**33.4**	**2 733**	**34.5**
Liabilities					
Non-current liabilities					
Financial debts	16	1 859		1 761	
Deferred tax liabilities	9	71		72	
Retirement benefit obligations	17	829		924	
Provision for non-current liabilities	18	157		210	
Total non-current liabilities		**2 916**	**39.1**	**2 967**	**37.5**
Current liabilities					
Trade and other payables	19	1 093		1 147	
Financial debts	20	394		430	
Current income tax liabilities		276		313	
Provision for current liabilities	18	288		315	
Total current liabilities		**2 051**	**27.5**	**2 205**	**27.9**
Liabilities directly associated with assets held for sale	**21**	**–**	**–**	**10**	**0.1**
Total liabilities		**4 967**	**66.6**	**5 182**	**65.5**
Total equity and liabilities		**7 461**	**100.0**	**7 915**	**100.0**

[1] The notes form an integral part of the consolidated financial statements.

Continued solid balance sheet

As of 31 December 2015, the balance sheet total has been further reduced from CHF 7 915 million in the previous year to CHF 7 461 million, mainly due to the appreciation of the Swiss franc to the euro. Despite the fact that cash, cash equivalents, and near-cash assets were used to reduce liabilities, liquid assets were up from CHF 928 million to CHF 941 million.

The investments in associates and joint ventures decreased in the year-to-year comparison from CHF 635 million to CHF 586 million due to the depreciation of the euro to the Swiss franc. Assets held for sale decreased sharply from CHF 72 million to CHF 2 million due to the sale of the Energy Storage activities in February 2015.

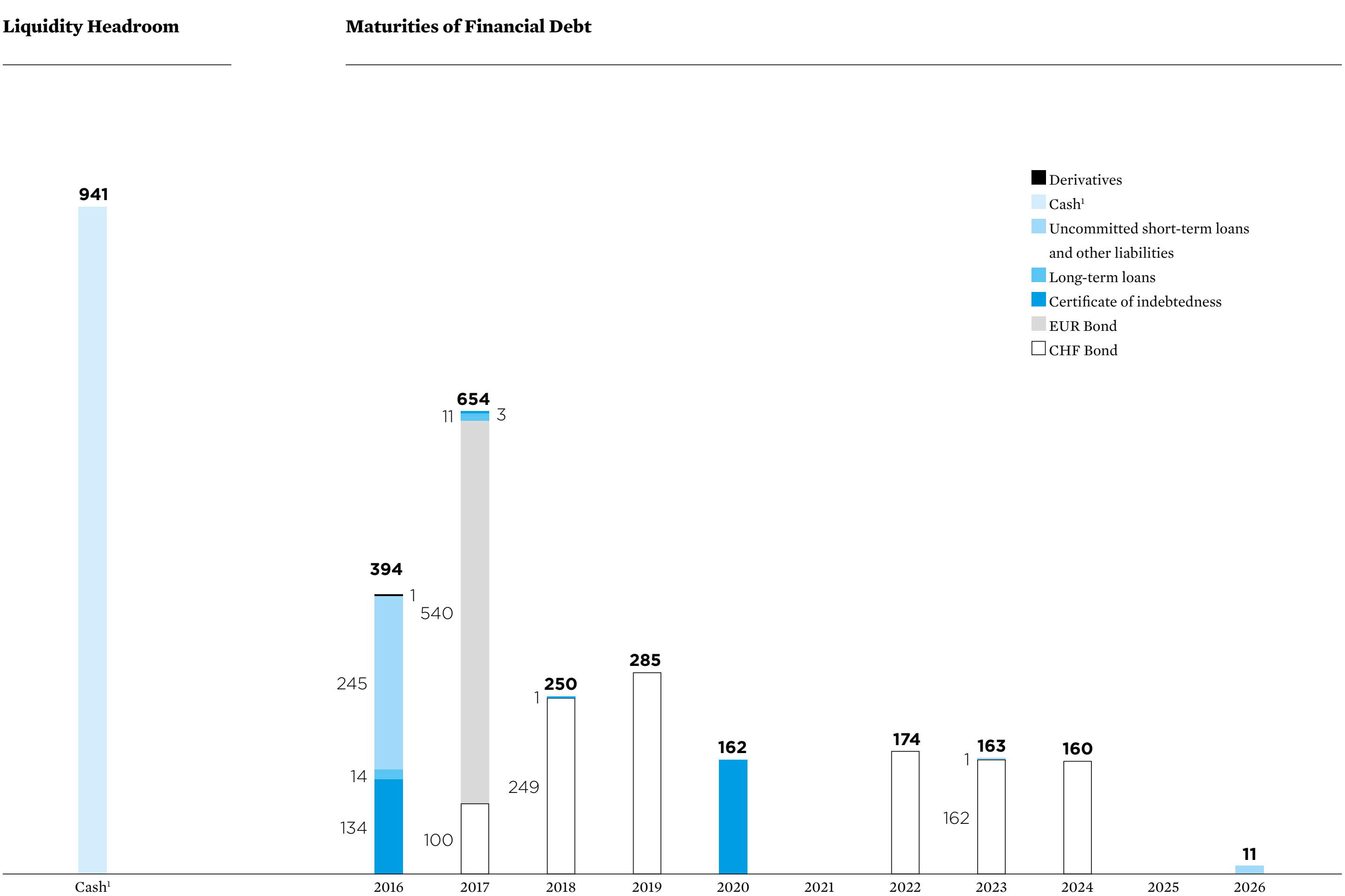
In the reporting period, Clariant's equity decreased from CHF 2 733 million to CHF 2 494 million. This was predominantly due to the negative currency translation differences amounting to CHF 404 million mainly associated with the change in the euro/Swiss franc exchange rate, a distribution from capital contribution reserves of CHF 129 million, and CHF 37 million of dividends to non-controlling interests. The positive impact of net investment hedges amounting to CHF 66 million, the net profit for the business year 2015 of CHF 239 million, treasury shares transactions of CHF 34 million, and the effects of employee services amounting to CHF 13 million partially offset the negative effects on equity as of end of December 2015.

Net debt increased from CHF 1 263 million to CHF 1 312 million. This figure includes current and non-current liabilities, cash and cash equivalents, near-cash assets, and financial instruments with positive market values. As a consequence, the gearing ratio (net financial debt to equity) increased from 46 % to 53 %.

Long-term structured maturity profile secures solid liquidity structure

In the fiscal year 2015, Clariant's financing structure was again on a very sound level. The company has a broadly diversified maturity structure of its financial liabilities with a long-term focus reaching until 2024. The Company was able to secure this with favorable financing terms. On 17 April 2015, Clariant issued four certificates of indebtedness with a total sum of EUR 300 million. These certificates have a term of 5 years (EUR 150 million) and 8 years (EUR 150 million).

DEBT MATURITY PROFILE PER 31 DECEMBER 2015 in CHF m



[1] incl. near cash assets and financial instruments at positive fair values

Two credit rating agencies maintain credit ratings for all six bonds issued by Clariant: Moody's assigned the bonds a long-term rating of Ba1. Standard & Poor's long-term rating for the bonds is BBB–. The most up-to-date ratings can be found on the following website: www.clariant.com/creditratings

Substantial operating cash flow generation

Cash flow before changes in net working capital decreased from CHF 583 million the previous year to CHF 570 million.

The lower net income after reversal of non-cash items of CHF 687 million (previous year: CHF 730 million) was almost compensated by lower payments on restructuring (CHF – 78 million vs. CHF – 89 million the previous year), lower income tax paid (CHF – 96 million vs. CHF – 108 million the previous year) and higher dividends received from associates and joint ventures (CHF 57 million vs. CHF 50 million the previous year).

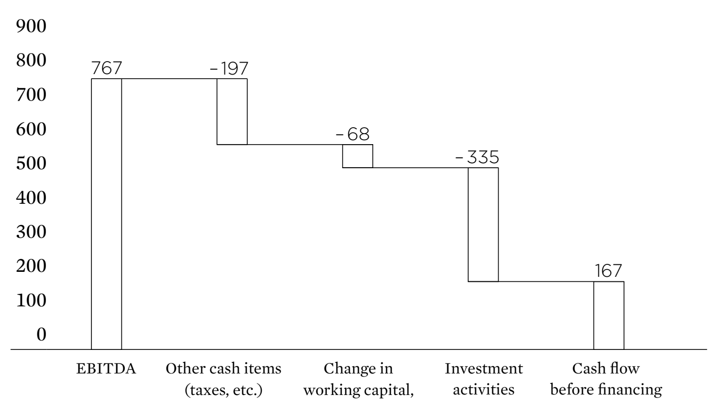
Changes in net working capital including provisions amounted to CHF 68 million in 2015 (2014: CHF 249 million). The ratio of net working capital to sales declined from 19.1 % to 17.7 %, which is substantially below the Group's target of 20 %.

Cash flow from operating activities significantly increased to CHF 502 million versus CHF 334 million the previous year, resulting from the sustainable net working capital management.

Cash flow from investing activities decreased sharply to CHF – 335 million (2014: CHF 31 million). This figure was influenced by higher capital expenditures and lower cash flow from sales of assets and disposals of discontinued operations.

Cash flow before financing activities amounted to CHF 167 million at the end of 2015 compared to CHF 365 million in fiscal year 2014. The outflows from financing activities were CHF 84 million (2014: CHF 403 million) primarily influenced by proceeds from and repayments of financial debts.

CASH FLOW 2015 in CHF m



EXTRACT OF CASH FLOW STATEMENT in CHF m

	31.12.2015	31.12.2014
Net Income	**239**	**217**
Reversals of non-cash items	448	513
Cash flow before changes in net working capital and provisions	570	583
Operating cash flow	**502**	**334**
Cash flow from investing activities	– 335	31
Cash flow from financing activities	– 84	– 403
Net change in cash and cash equivalents	**41**	**– 22**
Cash and cash equivalents at the beginning of the period	**748**	**770**
Cash and cash equivalents at the end of the period	**789**	**748**

Clariant stock

Global stock markets affected by growing economic uncertainties and historically low interest rates

The development of the stock exchanges worldwide was again driven by low interest rates and the growing economic uncertainties resulting in a continued high volatility during the year 2015. The central banks continued with their expanding monetary and low interest policies, which enhanced the demand for stocks. The European Central Bank (ECB) kept the prime rate at the all-time low introduced in the previous year close to zero percent, while the US Federal Reserve Bank did raise interest rates by 25 basis points in December 2015, signaling confidence in the strength of the US economy.

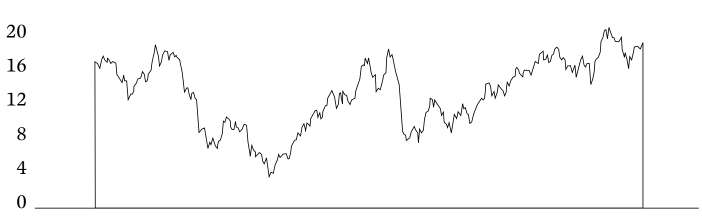
The solid economic growth in most industrialized countries helped major indices to post new all-time highs within the reporting year 2015. The worries concerning the future growth perspectives of the Chinese economy resulted in sharp corrections especially in the second half of the year. In a twelve-month retrospective, the Dow Jones Industrial Index lost 2.2 % of its value. Japan's stock exchange again benefited from massive cash injections by the Japanese central bank and showed a gain of + 9.1 %. Most of the major European stock exchanges were also able to post upward trends with high fluctuations especially during the third quarter. In a year-to-year comparison the Euro Stoxx 50 (+ 4.6 %) and the German DAX (+ 9.6 %) were up compared to the year-end 2014, whilst the leading Swiss index SMI lost 1.8 %.

Clariant stock gains with a high share price volatility through the year

The general development on the stock markets also affected the performance of the Clariant shares. Starting the year at a price of CHF 16.72 the company benefited from the expectations for an improved profitability and the finalization of the successful portfolio repositioning. Therefore, the share price went up steeply – after a short drop in January after the appreciation of the Swiss franc – to its minimum price of CHF 13.50 on 22 January – to the peak price of CHF 21.70 on 22 April, reflecting a gain of roughly 25 %. Following a period during which the price moved in a range between CHF 19 and CHF 21 the worries about a sharp weakening of the economy in China with unpredictable impacts on the global economy also affected the Clariant stock. From the beginning of August to the end of September the share price dropped almost 20 % to CHF 16. Solid figures for the third quarter stimulated the demand for the stock again, allowing the Clariant share to finish the trading year with a market price of CHF 19.01 and a very positive share price performance of 13.7 %. In view of this gain and the number of shares of approximately 322.2 million, the market capitalization of Clariant rose to CHF 6.3 billion, while the Enterprise Value (EV) amounted to roughly CHF 7.6 billion.

In September 2015, the Clariant stock was announced to be a confirmed member of the Dow Jones Sustainability Index. According to the assessment of the analysts of RobecoSAM, when it comes to sustainability, Clariant now belongs to the top 4 of chemical companies worldwide.

CLARIANT STOCK PRICE DEVELOPMENT 2006–2015 in CHF



WHY INVEST IN CLARIANT?

1. Clear strategy
Future valuation potential driven by transformation from a diversified chemicals company into a leading specialty chemicals company.

2. Strong market positions
Clariant holds top three positions in most of its markets and has set strategies in place to gain and retain leadership positions through developments in all its markets.

3. Well-balanced portfolio
The portfolio changes have turned Clariant into a specialty chemicals company with a broad geographical footprint with close to 50 % of sales coming from emerging markets. The majority of the end-markets have inherent growth drivers.

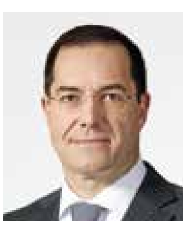
4. Increasing returns for shareholders
Strong future cash flow generation and a sound balance sheet will allow Clariant to continuously distribute 25 to 35 % of recurring net income to its shareholders.

Maintained dividend

Clariant continues to strive to make stable or increasing dividend payments as a way of allowing shareholders to participate in the Group's successes. In view of the solid operating performance in the business year 2015, allowing to compensate for the strength of the Swiss francs, the Board of Directors of Clariant Ltd decided to propose the distribution of an unchanged dividend of CHF 0.40 per share at the Annual General Meeting on 21 April 2016 for the 2015 financial year.

»Maintaining a transparent and open dialog with our shareholders is important for Clariant's top management.«

PATRICK JANY
Chief Financial Officer



–
PATRICK JANY
Chief Financial Officer
of Clariant AG

Mr. Jany, Clariant has significantly reshaped itself. How do you keep your investors informed about the details?

–

PATRICK JANY Indeed, we have changed over the past years into a resilient company. During this process, we have kept an extensive dialogue with our shareholders and communicate on the highest possible level of transparency.

Sounds good, but how do you practically handle this at Clariant?

–

PATRICK JANY First of all, we are treating all shareholders equally, whether they are private holders or large institutional players. Secondly, we have to know and understand the language of the financial players, the information details they request. Clariant's vision is to be one of the leading specialty chemicals companies in the world. That also means we need to have the aspiration to offer the best-in-class investor relations support.

How are you as CFO involved in this process?

–

PATRICK JANY Maintaining a transparent and open dialog with our shareholders is important for Clariant's top management. This means that management, especially CEO and CFO, do spend a substantial amount of time in dialog with the financial markets.

Can you quantify this?

–

PATRICK JANY In 2015, Clariant led well over 100 individual and group conversations with investors and analysts within the scope of international presentation trips, so-called roadshows. I was directly involved in about two-thirds of these meetings. Currently, 20 financial analysts cover Clariant with detailed recommendations and stock reports. Mr. Kottmann and myself often speak to them directly, hold conference calls at reporting dates and participate in capital market days such as the North American round table for capital market participants and journalists which Clariant staged in San Francisco in August 2015.

Is there anything specific you offer for private shareholders?

–

PATRICK JANY We ensure that we communicate equally to all our shareholders. This is being done for example by means of media releases, presentations, etc. However, one of the most important dates for private investors of Clariant is our Annual General Meeting that we hold in March/April each year.

KEY FIGURES FOR CLARIANT SHARES	2015	2014
Closing price on 31 December (CHF)	**19.01**	16.72
Peak price (CHF)	**21.70**	18.83
Lowest price (CHF)	**13.81**	14.55
Number of shares on 31 December (m)	**331.94**	331.94
In free float (%)	**87**	87
Average daily trading volume (SIX)	**1 988 355**	1 617 067
Market capitalization on 31 December (CHF m)	**6 310**	5 550
Basic earnings per share (CHF) [1]	**0.67**	0.55
Adj. earnings per share (CHF) [1]	**1.01**	1.12
Distribution per share (CHF) [2]	**0.40**	0.40

[1] continued operations
[2] payout from capital contributions reserves

More detailed information about Clariant can be found on the website: www.clariant.com
Contact Investor Relations: Hardstrasse 61, CH-4133 Pratteln, Switzerland, Telephone: + 41 61 469 63 73, Fax: + 41 61 469 67 67

Clariant outlook 2016: EBITDA margin and operating cash flow to progress

Despite the difficult environment in 2015, Clariant could demonstrate its ability to sustainably improve its business performance by continuously launching new innovative products and solutions particularly in its higher margin Business Areas Care Chemicals, Catalysis and Natural Resources.

Clariant expects the uncertain environment, characterized by a high volatility in commodity prices and currencies, to further deteriorate. In emerging markets, we anticipate the economic environment to become more challenging and with increased volatility; we expect moderate growth in the United States, while growth in Europe is expected to remain stable but weak.

For 2016, in spite of the increasingly challenging economic environment, Clariant is confident to achieve growth in local currencies, as well as progression in operating cash flow and EBITDA margin before exceptional items.

Clariant confirms its mid-term target of reaching a position in the top tier of the specialty chemicals industry. This corresponds to an EBITDA margin before exceptional items in the range of 16 % to 19 % and a return on invested capital (ROIC) above the peer group average.

TARGETS FOR 2016

- Further sales growth in local currencies
- Progress in EBITDA[1] margin
- Progress in operating cash flow generation

[1] before exceptional items

MID-TERM TARGETS

Organic sales[1]	**> global GDP growth**
EBITDA[2] margin	**16 – 19 %**
ROIC[3]	**> peer group average**

[1] in local currencies
[2] before exceptional items
[3] Return on Invested Capital

Corporate
GOVERNANCE

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

Principles of corporate governance

In defining the management structure, organization, and processes of the Clariant Group, the corporate governance principles aim to provide stakeholder value and transparency to promote sustainable long-term success. The Group is committed to Swiss and international standards of corporate governance by following the respective statutory provisions, the rules issued by the SIX Swiss Exchange and by implementing the principles of the Swiss Code of Best Practices for Corporate Governance, revised in 2014. The principles and regulations on corporate governance are described in the Swiss Code of Obligations, the Directive on Information relating to Corporate Governance by SIX Swiss Exchange, the Ordinance Against Excessive Compensation in Listed Stock Corporations, the Articles of Association of Clariant Ltd, the Bylaws, the Organizational Group Regulations of the Clariant Group, and the Clariant Code of Conduct. The Board of Directors adapts the internal documents regularly. The Articles of Association, the Bylaws of the Board of Directors, and the Clariant Code of Conduct can be viewed on the internet at www.clariant.com/corporate-governance

Group structure and shareholders

Group structure

The registered address of Clariant Ltd is Rothausstrasse 61, 4132 Muttenz, Switzerland. The company's business operations are conducted through Clariant Group companies. Clariant Ltd, a holding company organized under Swiss law, directly or indirectly owns all Clariant Group companies worldwide. With the exception of Clariant Chemicals (India) Ltd, these companies' shares are not publicly traded. Clariant owns 64.24 % of the publicly traded company Clariant Chemicals (India) Ltd, based in Airoli, Navi Mumbai, India, and listed on the Bombay Stock Exchange (ISIN INE492A01029, symbol: CLARICHEM) and the National Stock Exchange of India (symbol: CLNINDIA).

The important subsidiaries of Clariant Ltd are listed in Note 34 of the »Notes to the consolidated financial statements of the Clariant Group« (pages 209 to 211).

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

Significant shareholdings of 3 % or more of total share capital

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2015 the following shareholders held more than 3 % of voting rights in Clariant Ltd:

Shareholders	Voting rights
Group of former shareholders of Süd-Chemie AG[1]	13.89 %
Thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany)[2]	3.73 %
APG Asset Management N.V., Amsterdam, Netherlands	5.01 %
Cymbria, Canada EdgePoint Global Portfolio, Canada EdgePoint Canadian Growth and Income Portfolio, Canada EdgePoint Canadian Portfolio, Canada EdgePoint Global Growth and Income Portfolio, Canada St. James Place Global Equity Unit Trust, UK	3.06 %
BlackRock Inc., New York	3.05 %

[1] The following former shareholders of Süd-Chemie AG form a group:

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

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

Disclosure notifications during the financial year 2015 reported to the Stock Exchange Disclosure Office pursuant to Art. 20 of the Stock Exchange Act[1] as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

As of 31 December 2015, former shareholders of Süd-Chemie AG, who had exchanged their shares against Clariant shares in April 2011, held a total of 13.89 % of the share capital of Clariant Ltd. These shareholders are related to each other for family or other reasons (especially the Wamsler, Winterstein, Schweighart and Stockhausen families).

At 31 December 2015 Clariant AG itself held 9 195 810 shares in treasury, corresponding to 2.77 % of the share capital.

Cross-shareholdings

There are no cross-shareholdings.

Capital structure

Capital

As of 31 December 2015, the fully paid nominal share capital of Clariant Ltd totaled CHF 1 228 175 036.30 and was divided into 331 939 199 registered shares, each with a par value of CHF 3.70. Clariant Ltd shares are listed on the SIX Swiss Exchange since 1995 (symbol: CLN, ISIN CH0012142631). Clariant Ltd does not issue non-voting equity securities (Genussscheine or Partizipationsscheine). Based on the closing price of the Clariant share of CHF 19.01 on 31 December 2015, the company's market capitalization at year-end amounted to CHF 6.3 billion.

[1] Art. 120 Financial Markets Infrastructure Act (FMIA) since 1 January 2016

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

The details are set out in article 5 of the Articles of Association. The Articles of Association can be found on our website at www.clariant.com/en/Company/Corporate-Governance/Articles-of-Association

Distribution of capital reserves
In the 2015 calendar year a distribution of CHF 0.40 per share from capital reserves was decided by the Annual General Meeting. The total amount of CHF 128 813 118.40 was paid out on 8 April 2015. A table with additional information on the distribution of capital reserves can be found on page 179 (Note 15) of this Annual Report.

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

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

Options
The Clariant option program for employees was terminated in 2013. Details of the option program can be found on page 203 (Note 29, »Employee Participation Plans«).

Further information on the Clariant share can be found on page 106 of this Annual Report.

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

No member of the Board of Directors exceeds any of the maximum number of mandates as stipulated in Article 38 of the Articles of Association.

Members of the Board of Directors

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

Professional career: Following studies at the Universities of Zurich and Basel, where he earned doctorates in Theology, Philosophy, and German Literature, Rudolf Wehrli began his career at McKinsey & Co. in 1979. In 1984 he joined the Schweizerische Kreditanstalt (now Credit Suisse) as a member of the company's Senior Management. In 1986 he became Marketing Manager and member of the Executive Committee of the Silent Gliss Group. Five years later he took over the management of the Group's German subsidiary. In 1995 he transferred to the Gurit-Heberlein Group as a member of the Executive Committee, and was promoted to Chief Operating Officer in 1998 and Chief Executive Officer in 2000.

He remained in this position until the company split up in 2006. A Member of the Board of Directors of Clariant Ltd since 2007, he became Chairman in 2012.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) Berner Kantonalbank
Mandates according to Article 38 para 1 lit. b) five: Kambly AG, Switzerland; Rheinische Kunststoff-Werke SE, Germany; Chairman of the Board of Directors of Sefar Holding AG, Switzerland; Wipf AG, Switzerland; HK Gerodur AG, Switzerland
Mandates according to Article 38 para 1 lit. c) seven (including member of the Board of Trustees of Avenir Suisse and member of the Board of Clariant Foundation).

Günter von Au, German citizen
Function at Clariant: Vice Chairman, non-executive member of the Board of Directors
Born: 1951
Year of first election: 2011

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

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) none.
Mandates according to Article 38 para 1 lit. b) four: Member of the Supervisory Board of Bayernwerk AG, Regensburg; Member of the Advisory Committee of Gebr. Röchling KG, Mannheim; Member of the Advisory Board of Tyczka GmbH, Geretsried; Chairman of the Board of CeramTec GmbH, Plochingen
Mandates according to Article 38 para 1 lit. c) two: Chairman of the Board of Directors of the Bavarian Chemical Industry Association, Munich; Vice President of the German Institute for Economic Research Cologne.

Hariolf Kottmann, German citizen
Function at Clariant: Chief Executive Officer (CEO) and executive member of the Board of Directors
Born: 1955
Year of first election: 2008

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

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) none
Mandates according to Article 38 para 1 lit. b) Plansee Holding AG, Austria
Mandates according to Article 38 para 1 lit. c) six: Member of the Board of Trustees of ETH Foundation Zurich; Member of the Board of Trustees of Aventis Foundation, Frankfurt; Member of the Executive Committee of Science Industries, Zurich; Member of the Board of CEFIC (European Chemical Industry Council) and Member of its Executive Committee and Chairman of the Product Stewardship Program Council; Member of the Board of ICCA (International Council of Chemical Associations); Chairman of the Board of Clariant Foundation.

Peter Chen, US and Swiss citizen
Function at Clariant: Non-executive member of the Board of Directors
Born: 1960
Year of first election: 2006

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

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) none
Mandates according to Article 38 para 1 lit. b) none
Mandates according to Article 38 para 1 lit. c) two: Consultant at Givaudan, Switzerland; Gesellschaft zur Förderung von Forschung und Ausbildung im Bereich der Chemie (Zurich).

Peter R. Isler, Swiss citizen
Function at Clariant: Non-executive member of the Board of Directors
Born: 1946
Year of first election: 2004

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

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) none
Mandates according to Article 38 para 1 lit. b) Schulthess Group AG, Switzerland
Mandates according to Article 38 para 1 lit. c) nine (including Member of the Board of Trustees of the University of Zurich Foundation).

Dominik Koechlin, Swiss citizen
Function at Clariant: Non-executive member of the Board of Directors
Born: 1959
Year of first election: 2008
Dominik Koechlin passed away on 12 July 2015.

Professional career: Dominik Koechlin earned his doctorate in Law from the University of Berne and holds an MBA from INSEAD in Fontainebleau, France. He started his career in 1986 as a financial analyst at Bank Sarasin. In 1990 he founded Ellipson, a management consultancy firm. From 1996 to 2000 he was a member of the Executive Committee of Telecom PTT, which later became Swisscom AG, where he was responsible for corporate strategy and international operations. He was Chairman of the Board of Directors at Plant Health Care until April 2012. He was Chairman of the Board of Sunrise Communications AG and Chairman of the Board of Directors of the Sunrise Communications Group AG since January 2015.

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) Chairman of the Board of Sunrise Communications Group AG, Switzerland
Mandates according to Article 38 para 1 lit. b) two: Member of the Board of Trustees of LGT; Member of the Board of Avaloq Group AG, Switzerland
Mandates according to Article 38 para 1 lit. c) three (including Member of the Board of Economiesuisse).

Carlo G. Soave, British citizen
Function at Clariant: Non-executive member of the Board of Directors
Born: 1960
Year of first election: 2008

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

Other activities: Board of Directors/Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) none
Mandates according to Article 38 para 1 lit. b) Advisory Board MonoSol LLC
Mandates according to Article 38 para 1 lit. c) Managing Director of Soave & Associates, Belgium.

Dolf Stockhausen, Austrian citizen
Function at Clariant: Non-executive member of the Board of Directors
Born: 1945
Year of first election: 2011
Board member until 20th Annual General Meeting (31 March 2015)

Professional career: Dolf Stockhausen studied Business, Economics and Law at the Universities of Freiburg and Münster, before gaining his doctorate in Economics from the University of Münster. He began his career at Bayer AG and a number of its foreign subsidiaries. He then held various positions at Chemische Fabrik Stockhausen GmbH in Krefeld, Germany, where he was ultimately Managing Director and CEO. From 1996 to 2011 he was a member of the Supervisory Board of Süd-Chemie and from 2008 to 2011 Vice Chairman of the Supervisory Board. He is also Chairman of the Management

Committee of EAT GmbH, CEO of Dr. Dolf Stockhausen Beteiligungs s.à.r.l., Luxemburg (Luxemburg) and Chairman of the Board of Directors of Dr. Dolf Stockhausen Beteiligungs AG, Stans (Switzerland). Effective as of 19 November 2014 Dr. Dolf Stockhausen Beteiligungs s.à.r.l. was merged into Dr. Dolf Stockhausen Beteiligungs AG.

Other activities: Board of Directors / Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) none
Mandates according to Article 38 para 1 lit. b) Chairman of Dr. Dolf Stockhausen Beteiligungs AG, Switzerland
Mandates according to Article 38 para 1 lit. c) Member of the Board of Directors of Lightwing AG, Stans.

Susanne Wamsler, US citizen
Function at Clariant: Non-executive member of the Board of Directors
Born: 1961
Year of first election: 2015

Professional career: Ms Susanne Wamsler studied at Princeton University in Princeton, New Jersey, USA, graduating with a degree in Political Economy. From 1984 to 1988 she held various positions with the Deutsche Bank AG in Munich and New York. In 1989 she received her MBA from INSEAD in Fontainebleau, France. Since then she has been a successful entrepreneur in different fields, including retail, real estate, telecommunications and wealth management. In addition, she completed various professional education courses between 2012 and 2014, receiving certificates in board membership training from the University of St. Gallen, Switzerland, the Centrum für Strategie und Höhere Führung, Cologne, Germany, and INSEAD, Fontainebleau, France.

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

She has been a member of the Board of Directors of Clariant AG since March 2015.

Other activities: Board of Directors / Supervisory Board mandates as stipulated in Article 38 para 1 of the Articles of Association:
Mandates according to Article 38 para 1 lit. a) none
Mandates according to Article 38 para 1 lit. b) none
Mandates according to Article 38 para 1 lit. c) till 30 June 2015 Member of the Supervisory Board of the Stiftung Haus der Kunst gemGmbH, Munich, Germany.

Konstantin Winterstein, German citizen
Function at Clariant: Non-executive member of the Board of Directors
Born: 1969
Year of first election: 2011

Professional career: Konstantin Winterstein studied at the Technical Universities in Darmstadt and in Berlin, where he completed a degree in Production Engineering. In 2004 he received his MBA from INSEAD in Fontainebleau and Singapore. From 1997 to 2014 he has held various positions with the BMW Group. Since 2014 he is member of the executive board of Ringmetall AG (former H.P.I. Holding AG) in Munich. From 2006 to 2011 he served on the Supervisory Board of Süd-Chemie AG.

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

Cross-involvement

There are no cross-involvements.

Elections

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

Internal organizational structure

The Board of Directors and its committees

The Board of Directors consists of the Chairman, one or more Vice Chairpersons, and the other members. With the exception of Mr. Günter von Au, who was Chairman of the Board of Directors at Süd-Chemie AG until 31 March 2012, no non-executive member of the Board of Directors held a senior management position at Clariant Ltd or any current or former Clariant Group company between 2011 and 2015 or has any significant business relationship with Clariant Ltd or any other Clariant Group company. The members of the Board of Directors constitute the following committees:

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

The **Board of Directors** appoints the members of the committees, except for the members of the Compensation Committee who are elected by the Annual General Meeting. The Board of Directors meets at least once a quarter. At the invitation of the Chairman, the CEO, the CFO, and other members of the Executive Committee and/or other employees and third parties attend the meetings of the Board of Directors for the purpose of reporting or imparting information. Each committee has a written charter outlining its du-

BOARD OF DIRECTORS – COMMITTEE RESPONSIBILITIES AND MEETINGS

Member of the Board of Directors	Chairman's Committee		Audit Committee[2]		Compensation Committee[3]		Technology and Innovation Committee	
Number of meetings in 2015	3	[1]	7	[1]	4	[1]	4	[1]
Rudolf Wehrli	■ since 2012	3			□ since 2008	4		
Peter Chen							■ since 2006	4
Peter R. Isler	□ since 2012	3	■ since 2012	7	□ since 2015	1		
Dominik Koechlin			□ since 2008 (until 12 July 2015)	4	■ since 2012 (until 12 July 2015)	3		
Hariolf Kottmann								
Carlo G. Soave	□ since 2012	3			□ since 2012 ■ since 2015	4	□ since 2008	4
Dolf Stockhausen							□ since 2012	1
Susanne Wamsler							□ since 2015	3
Konstantin Winterstein			□ since 2011	7				
Günter von Au	□ since 2012	3	□ since 2015	2			□ since 2012	4

■ Chairman
□ Member
[1] = Number of meetings attended in 2015
[2] Dominik Koechlin passed away on 12 July 2015; his position as a member of the Audit Committee was taken over by Günter von Au.
[3] Dominik Koechlin passed away on 12 July 2015; his position as the Chairman of the Compensation Committee was taken over by Carlo G. Soave. and Peter Isler was appointed as an interim member of the Compensation Committee.

ties and responsibilities. The committees' charters are published on Clariant's website (www.clariant.com/committees). The committees report on their activities and results to the Board of Directors. They prepare the business of the Board of Directors in their respective areas.

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

The **Compensation Committee** (CoC) comprises three members of the Board of Directors as elected by the Annual General Meeting. The majority of the members shall be non-executive members of the Board of Directors. The CoC meets at least twice a year. It reviews and proposes to the Board of Directors the compensation and benefits policies and programs, reviews the performance criteria relevant to compensation and determines individual executive compensation and benefits of the members of the Board of Directors and the Executive Committee, subject to the approvals of the total compensations by the Annual General Meeting. Furthermore, the CoC reviews fringe benefit regulations and dismissal regulations with the CEO, members of the EC, Heads of Global Functions and Global Business Units, and Region Heads always in accordance with the Articles of Association and Ordinance Against Excessive Compensation in Stock Listed Corporations.
www.clariant.com/committees

The **Audit Committee** (AC) comprises three members of the Board of Directors. The Chairman must be an independent, non-executive member of the Board of Directors. A majority of the members of the AC must have financial and accounting experience.

The AC reviews the activities of the external auditors, their collaboration with the internal auditors, and their organizational adequacy. It also reviews the performance, compensation, and independence of the external auditors as well as the performance of the internal auditors and reports back to the Board of Directors. Furthermore, the AC reviews the company's internal control and risk management systems, and reviews compliance with the law and internal regulations – in particular with the Code of Conduct. In collaboration with the Group's external and internal auditors and financial and accounting management, the AC reviews the appropriateness, effectiveness, and the compliance of accounting policies and financial controls with applicable accounting standards. The AC meets at least six times a year. The AC reviews and recommends the Group's financial statements for the first three quarters of each year, and the annual financial results to the Board of Directors for approval.
www.clariant.com/committees

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

Definition of Working Methods and Areas of Responsibility

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

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

Working methods

In 2015 the Board of Directors held seven meetings in person at the Corporate Center in Pratteln or at other locations, mainly in Switzerland, and also two meetings by phone. The company's strategy is reviewed and further developed once a year during a two-day meeting. Members of the Executive Committee are invited to attend the meetings of the Board of Directors. For the October meeting the Board of Directors met in Shanghai, China. The views of external and internal consultants are heard, if necessary, in the case of projects of considerable scope.

BOARD OF DIRECTORS MEETINGS

Number of meetings in 2015	9
Board of Directors	
Rudolf Wehrli	9
Peter Chen	8
Peter R. Isler	9
Dominik Koechlin[1]	4
Hariolf Kottmann	9
Carlo G. Soave	9
Dolf Stockhausen[2]	1
Susanne Wamsler	8
Konstantin Winterstein	9
Günter von Au	9

[1] Dominik Koechlin passed away on 12 July 2015.

[2] Board member until 31 March 2015 (20th Annual General Meeting)

Management of the Group

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

- Drawing up strategic plans and policies for approval by the Board of Directors;
- Implementing Group strategies and policies as well as strategies and action programs for individual Business Units and subsidiaries;
- Managing the Business Units and functions to ensure efficient operations, including regularly assessing the achievement of goals;
- Regularly informing the Board of Directors and its committees of all matters of fundamental significance to the Group and its businesses;
- Ensuring compliance with legal requirements and internal regulations;
- Establishing a management and corporate culture in line with the company's objectives;
- Promoting an active internal and external communications policy;
- Appointing and dismissing senior management, including appropriate succession planning.

The Executive Committee is supported by the Corporate Center that defines Group-wide policies and guidelines. Whilst reporting in the four Business Areas Care Chemicals (BU ICS), Catalysis (BU Catalysts)[1], Natural Resources (BU Oil & Mining Services, BU Functional Minerals) and Plastics & Coatings (BU Additives, BU Masterbatches, BU Pigments) the seven Business Units are the highest-level operating units within the Group. They have global responsibility for the activities assigned to them, particularly sales, marketing, product management, and production. The Business Units also have global responsibility for short- and long-term revenue and earnings generated from the operations and assets assigned to them. This includes fully exploiting existing business potential, identifying new business opportunities, and pursuing the active management of their products and services portfolio. The Business Units' activities are complemented and supported by global Group functions (e.g. Procurement, Finance, Information Technology, Legal, Human Resources, and Group Technology & Innovation), which are organized as service centers.

[1] »Catalysis & Energy« was renamed »Catalysis« after the Energy Storage business was sold. The transaction closed on 28 February 2015.

Information and control instruments vis-à-vis the Executive Committee

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

- The CEO and the CFO inform all directors regularly about current developments, including through the regular submission of written reports, such as key performance indicators for each business;
- The minutes of the meetings of the Executive Committee are made available to the directors;
- Informal meetings and teleconferences are held, as required, between the CEO and the members of the Chairman's Committee;
- The members of the Executive Committee are invited to attend meetings of the Board of Directors to report on Business Units under their responsibility;
- The members of the Board of Directors are entitled to request information from members of the Executive Committee or any other Clariant senior manager.

Board committees

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

BOARD OF DIRECTORS – COMMITTEES

	Number of meetings	Duration/h	Invited CEO/CFO	Other attendees
Board of Directors	9	6 – 8	Yes	Executive Committee
Chairman's Committee	3	3 – 4	Yes	
Audit Committee	7	3.5 – 4.5	CFO	Auditors, Risk Management, Internal Audit, General Counsel and Group Compliance Officer
Compensation Committee	4	1.5 – 2	Yes	Head of Group Human Resources
Technology and Innovation Committee	4	3 – 4	No	Executive Committee member, Head of Group Technology and Innovation

Internal audit (Corporate Auditing)

Corporate Auditing carries out operational and system audits in accordance with a plan adopted by the Audit Committee. By assisting organizational units in the accomplishment of objectives, it provides an independent approach for the evaluation, improvement, and effectiveness of the internal control framework. Corporate Auditing also prepares reports on the audits it has performed, and reports actual or suspected irregularities to the Audit Committee and the Chairman of the Board of Directors. The Audit Committee regularly reviews the scope, plans, and results of Corporate Auditing. The Group pursues a risk-oriented approach to auditing and coordinates internal audit activities with the external auditors on a regular basis. Detailed information on Clariant's risk management system can be found from page 128 of this report.

Group management

The Executive Committee

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

The Executive Committee and their Responsibilities until 31 December 2015

MATHIAS LÜTGENDORF[1]

Responsibilities:
Additives, Pigments, Masterbatches, Functional Minerals, Group Procurement, Group Logistics, Operational Excellence, Supply Chain Excellence, and the regions Europe, Middle East & Africa, and Japan

[1] Member of the Executive Committee till 31 December 2015

PATRICK JANY, CFO

Responsibilities:
Group Finance Services, Corporate Accounting, Corporate Treasury, Corporate Tax, Corporate Controlling, Corporate Merger & Acquisitions, Group Information Technology, Group Compliance, and Group Internal Audit

HARIOLF KOTTMANN, CEO

Responsibilities:
Group Human Resources, Group Talent Management Review, Corporate Planning & Strategy, Group Communications, Investor Relations, Group Legal, and Clariant Excellence with a focus on People Excellence

CHRISTIAN KOHLPAINTNER

Responsibilities:
Industrial & Consumer Specialties, Catalysts, Oil & Mining Services, Group Sustainability & Regulatory Affairs, Group Technology & Innovation, Biofuels & Derivatives, Commercial Excellence, Innovation Excellence, and the regions North America, Latin America, Greater China, India, and South East Asia & Pacific

Members of the Executive Committee

At the end of 2015, the Executive Committee comprised the following members:

Hariolf Kottmann, German citizen

Chief Executive Officer (CEO)

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

Patrick Jany, German citizen

Chief Financial Officer (CFO)

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

Christian Kohlpaintner, German citizen

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

Mathias Lütgendorf, German citizen

Mathias Lütgendorf studied Chemistry at RWTH in Aachen, Germany, and earned his doctorate in 1984. In the same year he joined the Research and Development department of the Fine Chemicals and Dyes Division of Hoechst AG. From 1990 he was responsible for various, mainly operational fields at Hoechst AG. From 1995 until 2008 he worked at DyStar, the textile dyes joint venture of Bayer and Hoechst. BASF also integrated its textile dyes business into DyStar in 2000, becoming the third equal partner in the venture. Mathias Lütgendorf led the global operations of the Disperse Dyes business unit and later also the Special Dyes business unit. From 2000 he was responsible for purchasing, production, and Supply Chain Management at the company as Head of Global Operations. In 2004 he was appointed member of the DyStar management board. On 1 April 2009 he was appointed member of the Executive Committee of Clariant. Mathias Lütgendorf stepped down from the Executive Committee on 31 December 2015.

Other activities and functions

The members of the Executive Committee neither undertake other activities, nor hold consultancy functions or other offices, except for Hariolf Kottmann, who is a member of the Board of Directors of Clariant Ltd and whose other activities can be found on pages 114 and 115 and for Christian Kohlpaintner, who is chairman of the university foundation of the Technische Universität München (TUM) in Munich, Germany and member of the Senior Advisory Board of Equity Capital Management GmbH (ECM) in Frankfurt, Germany.

Management contracts with third parties

There are no management contracts with third parties.

Contractual arrangements for members of the Executive Committee

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

Compensation, shareholdings and loans

Please refer to the Compensation Report, beginning on page 130 and Note 14 (page 222) to the Financial Statements of Clariant Ltd.

Remuneration, shareholdings and loans

All information on the remuneration of the Board of Directors and the Executive Committee of Clariant Ltd can be found in the Compensation Report, beginning on page 130.

Shareholders' participation rights

Subject to Article 6 paragraph 2 of the Articles of Association, providing certain limitations on voting by nominees, each registered share entitles the holder to one vote at the Annual General Meeting. Shareholders have the right to receive dividends and such other rights as are granted by the Swiss Code of Obligations. However, only shareholders entered in the Clariant share register may exercise their voting rights.

Voting right restrictions and representation

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

Statutory quorums

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

Convocation of the Annual General Meeting

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

Proposal of agenda items for the 2017 Annual General Meeting

The Articles of Association do not contain any rules that differ from the standard terms proposed by law. Shareholders representing shares with a total par value of CHF 1 million have the right to submit written requests that an item be included on the agenda, at least 45 days prior to the 22nd Annual General Meeting to be held on 20 March 2017. Items to be included on the agenda – with regard to the 2016 financial year – must be submitted no later than 3 February 2017. Such requests must specify the item(s) to be included on the agenda and must contain a proposal on which the shareholder requests a vote.

Entries in the share register

There are no statutory rules concerning deadlines for entry in the share register. However, for practical reasons, the share register will be closed to entries several days before a shareholder meeting. With regard to the financial year 2016, this applies as of Wednesday, 15 March 2017. Shareholders who have been entered into the share register by Tuesday, 14 March 2017, may exercise their right to vote at the Annual General Meeting on 20 March 2017. There are no voting rights restrictions except those mentioned above.

Change of control and defense measures

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

a) with regard to the Performance Share Units (PSU): PSU unvested at the date of a change of control vest on a pro rata basis. The Board of Directors is authorized, at its discretion, to assess if the performance targets are met and to decide on settlement in shares or in cash;

b) with regard to the Matching Share Plan (MSP): The blocking period of the Investment Shares of the MSP terminates on the date of the change of control and entitles to receive Matching Shares on a pro rata basis;

c) those set forth in paragraph 4.8 of the Clariant Stock Option Plan (see remarks in Notes to the consolidated financial statements, Note 29 »Employee Participation Plans«, page 203 of the Annual Report). This authorizes the Board of Directors, at its discretion, to transfer granted options early to participating staff (»accelerated vesting«) or enable the early exercise of the options (»accelerated exercise«) in the case of a change of control.

Information policy

Notices are published, in accordance with Article 42 of the Articles of Association, in the Swiss Official Gazette of Commerce and in daily newspapers specified by the Board of Directors (currently Basler Zeitung, Neue Zürcher Zeitung). Clariant releases its annual financial results in the form of an annual report. In addition, detailed business figures for the first, second, and third quarters are published in April, July, and October, respectively. The Annual Report and quarterly results are published in printed and electronic form and announced in media conferences. Current publication dates can be found online in English on our website (www.clariant.com/UpcomingEvents). All information pertaining to media conferences, investor updates, and presentations at analyst and investor conferences can be obtained online (www.clariant.com) or from the following contact address:

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

The results for the 2016 financial year will be published as follows:

· Interim Report on the first quarter	28 April 2016
· Interim Report on the first half	28 July 2016
· Interim Report on the third quarter	27 October 2016

The Annual General Meeting for the 2016 financial year will take place on the following date:

20 March 2017

Weblinks:

Clariant website:
www.clariant.com

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

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

Financial reports:
www.clariant.com/Publications

Corporate calendar:
www.clariant.com/UpcomingEvents

Auditors

Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers (PwC) has held the mandate since Clariant Ltd was established in 1995. The principle of rotation applies to the lead auditor, Dr. Daniel Suter, who was appointed in March 2011. The Audit Committee ensures that the position of lead auditor is changed at least every seven years.

Auditing fees

PricewaterhouseCoopers received a fee of CHF 4.9 million for auditing the 2015 financial statements (2014: CHF 5.2 million).

Additional fees

PricewaterhouseCoopers received a total fee of CHF 2.0 million for additional services (2014: CHF 3.9 million). These services comprise audit-related services of CHF 0.1 million, consulting services of CHF 0.4 million and tax services of CHF 1.5 million.

Supervisory and control instruments vis-à-vis the auditors

The Audit Committee of the Board of Directors is responsible for overseeing and evaluating the performance of the external auditors on behalf of the Board of Directors and recommends to the Board of Directors whether PwC should be proposed to the Annual General Meeting for reelection. Criteria applied for the performance assessment of PwC include technical and operational competence, independent and objective view, employment of sufficient resources, focus on areas of significant risk to Clariant, ability to provide effective and practical recommendations, and open and effective communication and coordination with the Audit Committee, Corporate Auditing, and management. In 2015 seven joint meetings were held with the external auditor's representatives. These meetings were attended by members of the Audit Committee, the partner and senior manager of the audit firm, Clariant's CFO, the Group Accountant, the Head of Corporate Auditing, the Group Compliance Officer and the General Counsel. Depending on the topics to be discussed, the meetings were also attended by the Group Risk Manager. The auditors communicate audit plans and findings to the Audit Committee and issue reports to the Board of Directors in accordance with article 728b of the Swiss Code of Obligations. The Audit Committee's approval is required for all services provided by PwC exceeding a fee volume of CHF 0.2 million. These services may include audit and audit-related services, as well as tax and other services. PwC and the Executive Committee report to the Audit Committee on a regular basis regarding the extent of services provided in conjunction with this approval.

Enterprise risk management (ERM)

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

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

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

The Group, the Service Units and the Regions are also required to make risk assessments based on the same criteria. All stakeholders are required to report significant changes to existing identified risks and new threats and opportunities as they arise.

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

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

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

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

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

Examples of identified risks included in the risk register:

Regulation & Compliance: Clariant is subject to many rules and regulations as well as compliance standards. These include chemical industry, country, government and customer requirements as well as the European Union's (EU) Regulations on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). Corporate Product Stewardship is responsible to manage this task. Specific matters are delegated to Legal, ESHA and Logistics functions.

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

Competitor Activity: A number of identified risks include the development of the competitive landscape including emerging players and consolidation activities that could affect the nature and extent of competition. Clariant is a leading participant in its industrial sectors and each sector is monitored to identify changes and consider and plan to deal with the consequences of changes to customers and competitors.

Compensation
REPORT

Clariant's compensation philosophy is aimed at promoting and reinforcing the quality and commitment of employees.

Compensation framework

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 in Note 14, pages 222 to 223, of the Financial Statements of Clariant Ltd is repeated here.

1. Members and responsibilities of the compensation committee of the Board of Directors

The Compensation Committee (CoC) during the 2015 reporting year comprised three non-executive members of the Board of Directors: Dominik Koechlin (Chairman until his death in July 2015), Rudolf Wehrli and Carlo G. Soave (new Chairman since 1 October 2015). From 1 October 2015, Peter Isler was nominated as new interim member of the Compensation Committee. The Secretary to the CoC is the Head of Corporate Human Resources. The Chairman 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 submits these to the Board of Directors for approval. The Committee approves the employment contracts of the CEO and members of the Executive Committee (EC), subject to the approval of the total compensation by the Annual General Meeting (AGM). 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 bonus, option, and share 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).

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 2015 the CoC met four times and held several bilateral discussions and telephone conferences.

2. Compensation concept

Clariant wants to be an attractive employer with the ability to attract and retain qualified employees and experts throughout the world. In particular, Clariant's compensation policy for management is based on the following main principles:

a) The level of total compensation should be competitive and in line with market conditions, and enable Clariant to recruit international, experienced managers and experts, as well as secure their long-standing commitment to the Group. Our understanding of competitiveness is defined in our Positioning Statement. We are aiming for a range between the median and upper quartile of total compensation in the relevant local markets. Through this ongoing benchmarking, we are able to define local compensation structures, e.g. annual pay bands, which will be applied as an important factor in all salary decisions. For the update and accuracy of market conditions, we participate in local compensation benchmarking in all major countries and align all activities through global contracts with the global compensation consultants Hay Group and Mercer. Mercer also has other assignments for Clariant, e.g. in the benefits area. In addition, we encourage local HR managers to participate in local compensation networks and club benchmarks within the chemical industry to ensure access to relevant market information.

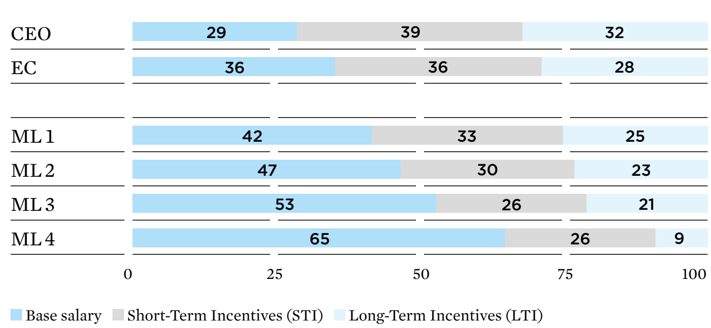
b) The structure of total remuneration should be highly performance- and success-oriented in order to ensure that shareholder and management interests are aligned. Clariant also defines in the global pay mix that with increasing responsibilities Short-Term and Long-Term Incentives will be increased. Success, in terms of bonus payouts, will generally be measured only in relevant financial Group Performance Indicators. Only if Clariant is successful, profits can be shared with our employees. Details are disclosed in chapter 3, beginning on page 133. Individual performance – measured through a consistent, global Performance Management system – is addressed in career development and annual salary reviews. Thus, each manager's or employee's performance is discussed on a yearly basis. In conjunction with other factors, such as internal and external market conditions, this results in transparency and consistent salary decisions. In general, we apply a four-eyes principle, specifically, the line manager and next level supervisor, as well as obtaining additional guidance from global or local HR processes.

POSITIONING STATEMENT

Benefits	Benefits represent local **market practice** and are aligned with Clariant's global policies.
Long-Term Incentives (LTI) (only ML[1] 1 – 4)	Investment reflects long-term commitment and supports our strong dedication to **sustainable performance** orientation.
Short-Term Incentives (STI)	The annual cash bonus targets aim to be **more aggressive** than market norms.
Base Salary (BS)	In general, we aim to be at **median level** in our respective markets and use different sources of compensation surveys (country-oriented, conducted by external consultants, including relevant peer companies in the chemical industry).

[1]ML: Management Level

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



c) Compensation components should be straightforward, transparent and focused, so as to guarantee all participants (shareholders, members of the Board of Directors, the CEO, members of the EC, and all global Management Levels) the highest degree of clarity and objectives orientation.

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) – which have been approved in the AGM 2014 – therefore reflect Clariant's commitment to market practice.

3. Overview of existing bonus plans

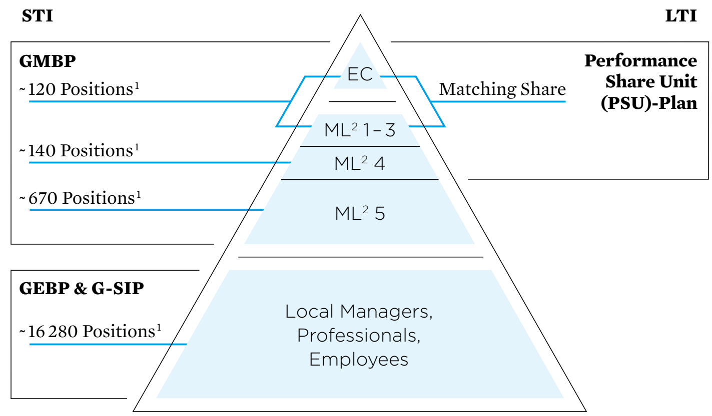
During the previous years, all relevant bonus plans for Short-Term Incentives (STI) and Long-Term Incentives (LTI) have been reviewed and redesigned to ensure the transition of Clariant, and to align with the business model. The key principles have been to reduce complexity, increase transparency, and ensure a coordinated and unified »One Clariant« approach throughout all employee groups and countries.

The following variable programs are currently in place for Clariant:

3.1. 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 Program (G-SIP) – started in 2011

BONUS LANDSCAPE of Clariant



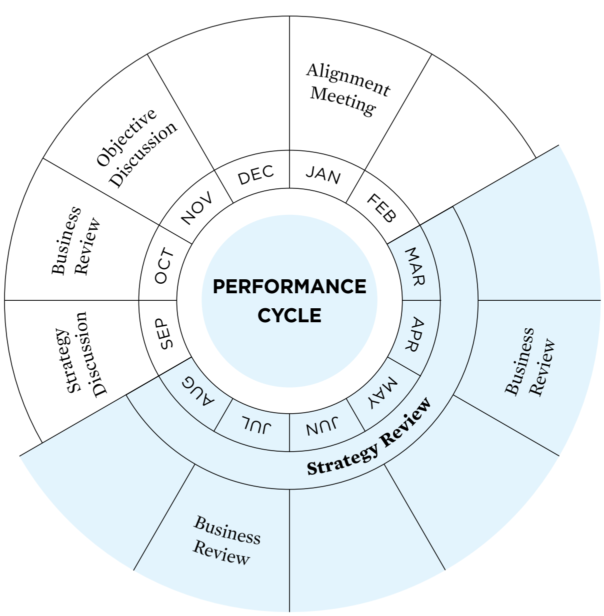
[1] Number of positions as at 31 December 2015
[2] ML: Management Level

3.2. LTI: Long-Term Incentive Plans (equity-linked bonus)

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.

GENERIC PERFORMANCE CYCLE of Clariant



3.1. 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).

As Clariant Performance Cycle agreements with each BU lead to challenging business-specific target settings, and in order to exclude any »windfall profiting« or »hidden buffers«, the maximum bonus payout is explicitly capped at 100 % (= target). These target settings have been defined in the fourth quarter of 2014 and there was only a review in February due to the special impact of the Swiss franc currency situation after the Swiss National Bank's decision to abandon the euro - Swiss franc floor. As outlined in our compensation concept, we aim for a more aggressive pay-mix than is the norm in international markets; thus, this 100-percent approach ensures competitive positioning compared with other companies.

GROUP MANAGEMENT BONUS PLAN (GMBP) 2015 – Three pillars to balance the Bonus Plan

Group Performance Indicators

GROUP ACHIEVEMENT How do we as a company perform with regard to our targets?	BUSINESS/SERVICE ACHIEVEMENT What are the business results/contributions of my unit?		TOP PRIORITIES Have we acted focused and aligned on our unit priorities?
ROIC (aei)	EBITDA (bei) ROS %	SU Costs	1) Improve Gross Margin IAS 2) Sustainable Inventory Mgmt 3) CLN-X benefits
	LC growth %		
Operating Cash Flow (aei)	Cash Flow BU (aei)		4) Differentiated Steering 5) Topline Innovation Sales 6) LTAR

Target Set (weighting) 2015

GROUP ACHIEVEMENT How do we as a company perform with regard to our targets?	BUSINESS/SERVICE ACHIEVEMENT What are the business results/contributions of my unit?		TOP PRIORITIES Have we acted focused and aligned on our unit priorities?
EC:			
ROIC (aei) 30 %			40 %
Operating Cash Flow (aei) 30 %			
BUs:			
ROIC (aei) 5 %	EBITDA (bei) ROS 15 %		30 %
	LC growth 15 %		
Operating Cash Flow (aei) 5 %	Cash Flow BU (aei) 30 %		
SUs:			
ROIC (aei) 5 %		SU Costs 60 %	30 %
Operating Cash Flow (aei) 5 %			

Achievements & Payouts 2015

GROUP ACHIEVEMENT How do we as a company perform with regard to our targets?	BUSINESS/SERVICE ACHIEVEMENT What are the business results/contributions of my unit?	TOP PRIORITIES Have we acted focused and aligned on our unit priorities?
99 %	**69–100 %**	**70–100 %**

The corresponding bonus payouts range between **53 %–100 % (EC = 99 %)**

Legend:
ROIC = Return On Invested Capital
EBITDA = Earnings Before Interest, Taxes, Deprecation and Amortization
aei = after exceptional items
bei = before exceptional items
ROS % = Return On Sales in %
LC = Local currency
NWC = Net Working Capital
BU = Business Unit
SU = Service Unit
LTAR = Lost Time Accident Rate

As a principle, only collective/management team-related target achievements can serve as the basis for individual bonus payouts. An employee's individual performance will be honored in the annual review of total compensation and his/her career development. The prerequisite for this is an integrated People Performance Management, which plays a key role in building a High Performing Workforce and High Performance Culture – as defined in our People Excellence Strategy. In 2012, an adjusted People Performance Cycle was re-launched, including 360-degree feedback for all ML 1 – 5 grades.

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 made to employees are closely aligned with the Group's overall results.

b) Cash bonus for non-management-levels: The **Group Employee Bonus Plan (GEBP)** ensures further alignment and standardization to all local bonus plans of the 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 results and local Top Priorities as the bonus payout.

c) For the sales force: The **Global Sales Incentive Plan (G-SIP)** aims to establish dedicated and globally aligned local Sales Incentive Plans (SIPs) for all Sales Representatives, Sales Managers and Key Account Managers with clearly allocated annual sales budgets and commercial responsibilities (ML 1 – 4 excluded). The G-SIP focus is on the individual sales performance and underlying Key Performance Indicators in the areas of sales, margin and trade receivables. As an example, a Sales Representative will receive tailor-made individual objectives for his allocated set of clients, which means a concrete sales target in local currencies, a »Deal Score« target, as an important indicator to measure the margin, and overdues and receivables as an indicator for trade receivables. Each objective is weighted and can be monitored using existing reporting systems. Thus, the direct impact of individual success and payout can be easily calculated. In 2011 the global roll-out started, and in 2015, approximately 1100 employees from every region were included. Employees can participate only in one global bonus plan (G-SIP or GMBP/GEBP).

3.2. Long-Term Incentive Plans (equity-linked bonus)

Clariant uses equity-based income components for approximately 280 of its senior managers worldwide (EC and ML 1 – 4).

a) The **Performance Share Unit (PSU)** Plan was introduced in 2013 for all senior managers and replaced the former Tradable Option Plan (»TOP@Clariant«). Key objective is a strong commitment to a higher profitability for Clariant and therefore to achieve our 2015 strategic targets.

The term of Clariant's Performance Share Unit Plan is 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 median of a defined peer group. The peer group was adjusted to replace companies which have disappeared due to M&A

activity (AZ Electronics and Rockwood) and to strengthen the Asian focus (new: Jiangsu Yoke, Teijin and Toray). If vesting and performance targets are achieved, one PSU will be converted to one Clariant share. The first PSUs were granted in 2013 and in Summer 2016 performance criteria will be checked (vesting in September 2016).

Membership is limited to the Executive Committee and selected senior managers of ML 1 – 4 (approximately 1.7 % 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 2015, it was decided in March to grant PSUs for 2015. The underlying share price was CHF 19.10. The grant was endorsed on 16 September 2015.

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 employees (respectively 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

Akzo	EMS	Mitsui
Albermarle	Evonik	Omnova
Altana	Ferro	Polyone
Ashland	H & R	PPG
Axiall	HB Fuller	Schulman
BASF	Honeywell	Sherwin Williams
Borealis	Huntsman	Shinetsu
Braskem	ICL	Solvay
Cabot	Jiangsu Yoke	Symrise
Celanese	Johnson Matthey	Teijin
Chemtura	Kemira	Toray
Croda	Kraton	Umicore
Cytec	Lanxess	Valspar
DIC Dow	LG Chemicals	Wacker
DSM	Lonza	West Lake Chem
DuPont	Lyondell Basell	WR Grace
Eastman	Mitsubishi	

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

The Matching Share Plan requires a personal investment decision and fosters the commitment of key managers (approximately 120 positions; EC and ML 1 – 3) for the long-term success of Clariant. Under this plan key managers have to invest part of their compensation in Clariant shares. Thus, this plan supports senior managers in meeting their requirement to permanently hold a minimum of 20 000 up to 100 000 shares depending on their management level. New participants will now have six years to catch up to the required investment thresholds.

Under the plan, eligible senior managers are entitled to receive a certain fixed percentage (investment quota of 20 %) of their annual cash bonus for the respective bonus year in the form of investment shares. Title and ownership in the shares are transferred at allocation (grant in April 2015) of the investment shares. These investment shares will then 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 matching shares lapses and 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 forfeit 50 % of their annual cash bonus (with minimum level at 40 % of target cash bonus) and the eligibility to participate in any Long-Term Incentive Programs (including PSU Plan).

The decision to implement this plan was made to create a strong and sustainable link between the Clariant business cycle and the value development of the company. Senior managers therefore strengthen the entrepreneurial and value-creating spirit of the Clariant Group.

c) 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:

Chairman of the Board	CHF 200 000
Vice Chairman	CHF 150 000
Member of Board	CHF 100 000

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

The compensation structure for members of the Board of Directors follows the outlined compensation concept for the performance year 2015.

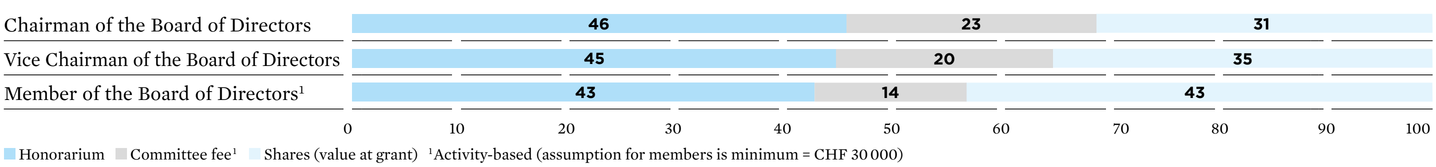
According to the aforementioned guidelines, remuneration of members of the Board of Directors is made up of the following components:

a) Annual basic fee
b) Committee membership fees
c) Share-based remuneration

Since the performance year 2012, the Board of Directors has decided to abandon option-based compensation for non-executive directors. It was replaced by the grant of restricted stock to enable the Board to participate in the long-term value creation of the company. In addition a new compensation policy was implemented with effective date 1 April 2012, which focuses more on a stronger acknowledgment of responsibilities and activities inside the committees.

The following graph illustrates the relative structure of the three components for 2015:

RELATIVE STRUCTURE OF TOTAL COMPENSATION (BOARD OF DIRECTORS) in % of total compensation



[1] Activity-based (assumption for members is minimum = CHF 30 000)

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 2015**	Total 2014
Cash compensation					
Honorarium[1]	300 000	200 000	100 000	**1 100 000**	1 100 000
Committee fee[1]	According to individual activity (see table below)			**730 000**	730 000
Social contribution					
Relevant amount	According to individual situation[2]				
Shares					
Value (at grant)	200 000	150 000	100 000	**950 000**	950 000

[1] The fees are paid in cash, in equal parts in March and September.

[2] Actual details for 2015 see table page 140

COMMITTEE FEE

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

In order to fulfill the reporting needs outlined in the Ordinance against Excessive Compensation (OaEC) we will disclose the relevant Fair Market Value (FMV) figures for the calendar year in the following audited table.

2015 ANNUAL COMPENSATION – EMOLUMENTS TO MEMBERS OF THE BOARD OF DIRECTORS (FAIR MARKET VALUE = FMV) in CHF

	Rudolf Wehrli	Günter von Au	Peter Isler	Peter Chen	Dominik Koechlin[3]	Carlo G. Soave	Hariolf Kott-mann[1]	Dolf Stock-hausen	Konstan-tin Win-terstein	Susanne Wamsler	**Totals 2015**
Cash compensation											
Honorarium	300 000	200 000	100 000	100 000	91 668	100 000	0	25 000	100 000	75 000	**1 091 668**
Committee fee	150 000	100 000	147 500	60 000	58 334	127 500	0	7 500	40 000	22 500	**713 334**
Social contribution											
Relevant amount[4]	44 465	30 723	20 552	17 927	13 305	41 581[2]	0	4 734	0	10 302	**183 590**
Shares											
Fair market value (FMV)	200 005	150 008	100 011	100 011	25 003	100 011	0	25 003	100 011	75 008	**875 071**
Total 2015 (Fair market value 2015)	694 470	480 731	368 063	277 938	188 310	369 092	0	62 237	240 011	182 810	**2 863 663**

2014 ANNUAL COMPENSATION – EMOLUMENTS TO MEMBERS OF THE BOARD OF DIRECTORS (FAIR MARKET VALUE = FMV) in CHF

	Rudolf Wehrli	Günter von Au	Peter Isler	Peter Chen	Dominik Koechlin[3]	Carlo G. Soave	Hariolf Kottmann[1]	Dolf Stockhausen	Konstantin Winterstein	**Totals 2014**
Cash compensation										
Honorarium	300 000	200 000	100 000	100 000	100 000	100 000	0	100 000	100 000	**1 100 000**
Committee fee	150 000	90 000	140 000	60 000	100 000	120 000	0	30 000	40 000	**730 000**
Social contribution										
Relevant amount	41 786	30 039	20 089	24 286	20 747	23 211	0	12 895	0	**173 053**
Shares										
Fair market value (FMV)[5]	200 005	150 008	100 011	100 011	100 011	100 011	0	100 011	100 011	**950 079**
Total 2014 (Fair market value 2014)[5]	691 791	470 047	360 100	284 297	320 758	343 222	0	242 906	240 011	**2 953 132**

[1] After taking over the function as CEO, no further Board of Directors compensations are extended. Please refer to the Executive Committee table.

[2] Including additional compensation for project work

[3] Dominik Koechlin passed away on July 12, 2015. Pursuant to applicable regulations he received honorarium and committee fees until end of July 2015 and the share compound of the compensation was also paid in cash.

[4] Includes estimation for future social contribution related to the year 2015

[5] 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 nor were any loans or credits outstanding and or granted.

Please find on the next page the information about the actual share and option ownership of the Board of Directors.

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares granted for 2015[1]	Number of shares granted for 2014[2]	Number of shares within vesting period for 2015	Number of shares within vesting period for 2014	Number of privately held shares for 2015	Number of privately held shares for 2014
Rudolf Wehrli	11 765	11 765 (correction of 12 904)	0	0	54 897	43 132
Günter von Au	8 824	8 824 (correction of 9 678)	0	0	35 556	26 732
Peter Isler	5 883	5 883 (correction of 6 452)	0	0	116 204	64 375
Peter Chen	5 883	5 883 (correction of 6 452)	0	0	18 704	12 821
Dominik Koechlin	0	5 883 (correction of 6 452)	0	0	–	23 921
Carlo G. Soave	5 883	5 883 (correction of 6 452)	0	0	33 804	27 921
Hariolf Kottmann	–[3]	–[3]	–[3]	–[3]	–[3]	–[3]
Susanne Wamsler	5 883	–	0	–	955 171[4]	–
Konstantin Winterstein	5 883	5 883 (correction of 6 452)	0	0	6 008 744	6 002 861
Former BoD members	0	5 883 (correction of 6 452)	0	0	–	11 594 625
Total	**50 004**	**55 887 (correction of 61 294)**	**0**	**0**	**7 223 080**	**17 796 388**

OPTIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

	Number of options granted for 2015	Number of options granted for 2014	Number of options within vesting period for 2015	Number of options within vesting period for 2014	Number of privately held options for 2015	Number of privately held options for 2014
Rudolf Wehrli	0	0	0	0	0	30 120
Günter von Au	0	0	0	0	0	0
Peter Isler	0	0	0	0	0	47 946
Peter Chen	0	0	0	0	0	0
Dominik Koechlin	0	0	0	0	24 096	47 946
Carlo G. Soave	0	0	0	0	24 096	24 096
Hariolf Kottmann	–[3]	–[3]	–[3]	–[3]	–[3]	–[3]
Susanne Wamsler	0	0	0	0	0	0
Konstantin Winterstein	0	0	0	0	0	0
Former BoD members	0	0	0	0	0	–
Total	**0**	**0**	**0**	**0**	**48 192**	**150 108**

[1] Number of shares will be defined in April 2016. Underlying assumption here is a share price of CHF 17.00.

[2] Correction needed due to adjustments of final share price at grant: Underlying assumption was CHF 15.50. Final allocation of shares with CHF 17.00, therefore the numbers of shares are different.

[3] See EC overview on page 142

[4] Thereof 240 271 held by »The Honoré T. Wamsler Trust«

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 which are 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 for the Board of Directors, refer to Note 14 of the Notes to the Financial Report of Clariant Ltd, on pages 222 to 223.

5. Compensation of members of the executive committee

The CoC regularly reviews the level and structure of the compensation packages for members of the EC. In 2013 Clariant conducted selected market benchmarks regarding the chemical peers for the EC and the Board of Directors and enlarged our survey activities for all global positions around the world. In our Individualized Chemical Benchmark analysis, we focused on companies which are defined in our relevant peer group of the newly introduced Performance Share Unit (PSU) Plan (see page 136).

Key focus elements are:

a) Comparison of management remuneration packages of European chemical companies with global scope

b) Comparison of management remuneration of Swiss-based multinational companies

The bonus amounts of the total compensation packages are paid out in relation to the achieved results for a particular financial year. The actual bonus amounts may vary between zero and target values (= 100 %) in the financial year in question.

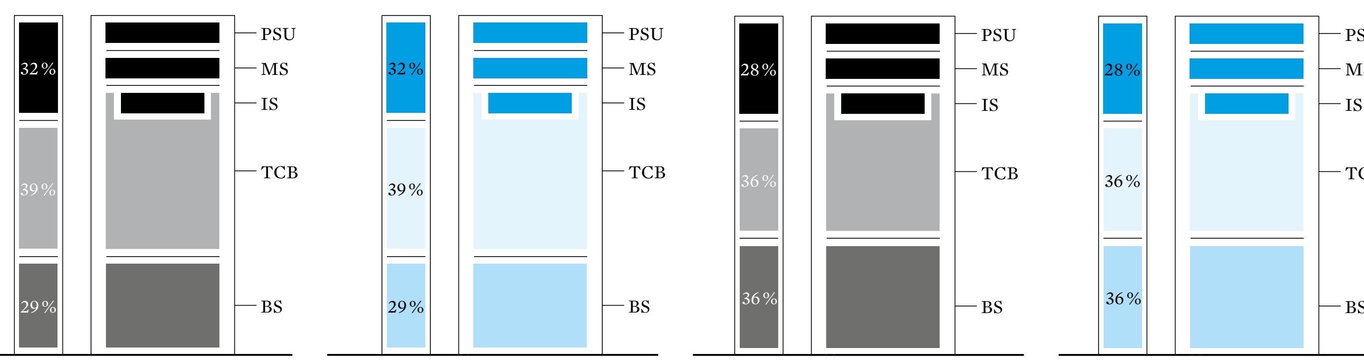
Base salary and variable remuneration

It is important to highlight that the Executive Committee participates in the same bonus programs as the senior managers. Therefore, they participate in the GMBP, Performance Share Unit Plan and the GSM-LTIP.

REMUNERATION STRUCTURE of the Clariant Executive Committee

CEO COMPENSATION[1] | **EC COMPENSATION**[1]

2014 Total target CHF 4.1 m | **2015** Total target CHF 4.1 m | **2014** Total target CHF 2.25 m | **2015** Total target CHF 2.25 m



	CEO 2014	CEO 2015	EC 2014	EC 2015
PSU	CHF 500 000	CHF 500 000	CHF 250 000	CHF 250 000
MS	CHF 400 000	CHF 400 000	CHF 200 000	CHF 200 000
TCB, thereof IS (20% Invest)	CHF 2 000 000 (CHF 400 000)	CHF 2 000 000 (CHF 400 000)	CHF 1 000 000 (CHF 200 000)	CHF 1 000 000 (CHF 200 000)
BS	CHF 1 200 000	CHF 1 200 000	CHF 800 000	CHF 800 000

Legend:

BS = Base salary

TCB = Target Cash Bonus

IS = Investment Share
Investment (minimum 20 %) from Actual Cash Bonus into 3 years blocked shares (Value at Grant)

MS = Matching Shares
1:1 Match of investment Shares after 3 years vesting period (Value at Grant)

PSU = Performance Share Unit
3 years vesting period with defined performance hurdle (Value at Grant)

[1] *without other benefits*

As an outcome of the benchmarking exercise, the remuneration structure of the EC was adjusted in 2013 (after a fixation of terms in 2011 and 2012) to the following general structure for 2014 and 2015 (see chart above).

Other benefits

The members of the EC participate in the pension plans of the Clariant Group, 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 a further 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, additional pension provisions are accrued over time in order to match contractually granted retirement plans.

Clariant's pension plans conform with the legal framework of the occupational pension scheme (BVG). In future, the maximum contribution will be dynamically aligned 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 target cash bonus. Equity-linked income components are not subject to pensionable income. The usual term insurance policies for death and disability form 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 on exceptional basis.

During the year 2015, there was no personnel change within the Executive Committee.

In accordance with the reporting needs outlined in the Ordinance against Excessive Compensation (OaEC) we will disclose the relevant Fair Market Value (FMV) figures in the following audited table.

2015 ANNUAL COMPENSATION TO MEMBERS OF THE EXECUTIVE COMMITTEE (FAIR MARKET VALUE, FMV) in CHF

	Hariolf Kottmann	Other EC members	**Totals 2015**
Base salary	1 200 000	2 400 000	**3 600 000**
Cash bonus [1]	1 585 600	2 576 600	**4 162 200**
Share-based bonus (FMV)	1 209 158	1 358 480	**2 567 638**
Other benefits [2]	1 674 403	1 588 909	**3 263 312**
Total	5 669 161	7 923 989	**13 593 150**

2014 ANNUAL COMPENSATION TO MEMBERS OF THE EXECUTIVE COMMITTEE (FAIR MARKET VALUE, FMV) in CHF

	Hariolf Kottmann	Other EC members	**Totals 2014**
Base salary	1 200 000	2 400 000	**3 600 000**
Cash bonus [1]	1 472 000	2 208 000	**3 680 000**
Share-based bonus (FMV) [3]	1 146 235	1 719 435	**2 865 670**
Other benefits [2]	1 563 048	1 411 275	**2 974 323**
Total	5 381 283	7 738 710	**13 119 993**

[1] Mandatory to invest 20 % of cash bonus into shares. Cash bonus displayed is already without the mandatory investments, which are included in the share-based bonus. Assumptions: share price at grant = CHF 17.00 (not fixed yet, final share price will be fixed in April 2016 and therefore the numbers of shares can change); cash bonus payout = 99.1 %

[2] Other benefits include contributions to pension funds and accrued pension benefits using IAS 19 (66 %) and social security (34 %).

[3] FMV difference to Annual Report 2014 based on adjusted share price for the PSU grant (share price at booking 15.80 CHF instead of share price at grant of CHF 17.35)

In both years there were no payments to leaving members of the Executive Committee nor were any loans or credits outstanding and or granted.

So the overall total compensation 2015 to the Executive Committee was below the approved budget of CHF 14.5 million (94 %). This budget approval was made for the year 2015 at the Annual General Meeting in 2014.

Please find on the next page the information about the actual share and option ownership of the Members of the Executive Committee.

EXPLANATION OF NUMBERS OF SHARES GRANTED

	Hariolf Kottmann	Patrick Jany	Christian Kohlpaintner	Mathias Lütgendorf	**Total**
Number of investment shares[1]	23 318	11 659	11 659	0	**46 636**
Number of matching shares[1]	23 318	11 659	11 659	0	**46 636**
Number of performance share units	26 179	13 090	13 090	13 090	**65 449**
Total number of shares	72 815	36 408	36 408	13 090	**158 721**

SHARES HELD BY THE MEMBERS OF THE EXECUTIVE COMMITTEE

	Number of shares granted for 2015[1]	Number of shares granted for 2014[2]	Number of shares within vesting period for 2015	Number of shares within vesting period for 2014	Number of privately held shares for 2015	Number of privately held shares for 2014
Hariolf Kottmann	72 815	66 161 (correction of 76 303)	202 731	212 289	473 893	444 814
Patrick Jany	36 408	33 082 (correction of 38 152)	107 526	115 569	304 973	265 168
Christian Kohlpaintner	36 408	33 082 (correction of 38 152)	107 526	115 569	231 112	201 307
Mathias Lütgendorf	13 090	33 082 (correction of 38 152)	107 526	115 569	61 830	292 213
Total	**158 721**	**165 407 (correction of 190 759)**	**525 309**	**558 996**	**1 071 808**	**1 203 502**

OPTIONS HELD BY THE MEMBERS OF THE EXECUTIVE COMMITTEE

	Number of options granted for 2015	Number of options granted for 2014	Number of options within vesting period for 2015	Number of options within vesting period for 2014	Number of privately held options for 2015	Number of privately held options for 2014
Hariolf Kottmann	0	0	0	0	0	383 682
Patrick Jany	0	0	0	0	0	191 841
Christian Kohlpaintner	0	0	0	0	0	120 000
Mathias Lütgendorf	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**695 523**

[1] Number of shares only estimated (underlying assumption CHF 17.00 per share and 99.1 % bonus payout), will need correction in next year's Annual Report.

[2] Correction needed due to adjustments of final share price at grant: Underlying assumption was CHF 15.50 per share. Final allocation was done at CHF 19.71.

Report of the statutory auditor to the General Meeting on the remuneration report 2015

We have audited pages 140 and 143 of the compensation report of Clariant AG for the year ended 31 December 2015.

Board of Directors' responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration 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 remuneration 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 remuneration 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 remuneration 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 remuneration 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, pages 140 and 143 of the compensation report of Clariant AG for the year ended 31 December 2015 complies with Swiss law and articles 14 – 16 of the Ordinance.

PricewaterhouseCoopers AG

Dr. Daniel Suter Audit expert Auditor in charge	Ruth Sigel Audit expert

Basel, 15 February 2016

PricewaterhouseCoopers AG, St. Jakobs-Strasse 25, Postfach, CH-4002 Basel, Switzerland
Phone: + 41 58 792 51 00, Telefax: + 41 58 792 51 10, www.pwc.ch
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Financial
REPORT

Consolidated Financial Statements of the Clariant Group

Review of trends

Financial Statements of Clariant Ltd, Muttenz

CONSOLIDATED BALANCE SHEETS

at 31 December 2015 and 2014	Notes[1]	**31.12.2015** in CHF m	in %	31.12.2014 in CHF m	in %
Assets					
Non-current assets					
Property, plant and equipment	5	2 083		2 104	
Intangible assets	6	1 350		1 487	
Investments in associates and joint ventures	7	586		635	
Financial assets	8	77		44	
Prepaid pension assets	17	47		18	
Deferred tax assets	9	256		271	
Total non-current assets		**4 399**	**59.0**	**4 559**	**57.6**
Current assets					
Inventories	10	811		930	
Trade receivables	11	934		985	
Other current assets	12	328		385	
Current income tax receivables		46		56	
Near-cash assets	13	152		180	
Cash and cash equivalents	14	789		748	
Total current assets		**3 060**	**41.0**	**3 284**	**41.5**
Assets held for sale	**23**	**2**	**–**	**72**	**0.9**
Total assets		**7 461**	**100.0**	**7 915**	**100.0**
Equity and liabilities					
Equity					
Share capital	15	1 228		1 228	
Treasury shares (par value)	15	– 34		– 45	
Other reserves		382		852	
Retained earnings		841		574	
Total capital and reserves attributable to Clariant shareholders		**2 417**		**2 609**	
Non-controlling interests		77		124	
Total equity		**2 494**	**33.4**	**2 733**	**34.5**
Liabilities					
Non-current liabilities					
Financial debts	16	1 859		1 761	
Deferred tax liabilities	9	71		72	
Retirement benefit obligations	17	829		924	
Provision for non-current liabilities	18	157		210	
Total non-current liabilities		**2 916**	**39.1**	**2 967**	**37.5**
Current liabilities					
Trade and other payables	19	1 093		1 147	
Financial debts	20	394		430	
Current income tax liabilities		276		313	
Provision for current liabilities	18	288		315	
Total current liabilities		**2 051**	**27.5**	**2 205**	**27.9**
Liabilities directly associated with assets held for sale	**21**	**–**	**–**	**10**	**0.1**
Total liabilities		**4 967**	**66.6**	**5 182**	**65.5**
Total equity and liabilities		**7 461**	**100.0**	**7 915**	**100.0**

[1] The notes form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

for the years ended 31 December 2015 and 2014	Notes [1]	**2015** in CHF m	in %	2014 in CHF m	in %
Sales	21	5 807	100.0	6 116	100.0
Costs of goods sold		– 4 020		– 4 344	
Gross profit		**1 787**	**30.8**	**1 772**	**29.0**
Selling, general and administrative costs		– 1 064		– 1 049	
Research and development costs		– 204		– 213	
Income from associates and joint ventures	7	77		75	
Gain from disposals not qualifying as discontinued operations	23	15		168	
Restructuring, impairment and transaction-related costs	25	– 115		– 228	
Operating income		**496**	**8.5**	**525**	**8.6**
Finance income	26	14		14	
Finance costs	26	– 210		– 160	
Income before taxes		**300**	**5.2**	**379**	**6.2**
Taxes	9	– 73		– 144	
Net result from continuing operations		**227**	**3.9**	**235**	**3.8**
Attributable to:					
Shareholders of Clariant Ltd		217		175	
Non-controlling interests		10		60	
Net result from discontinued operations	**22**	**12**		**– 18**	
Attributable to:					
Shareholders of Clariant Ltd		12		– 23	
Non-controlling interests		–		5	
Net income		**239**		**217**	
Attributable to:					
Shareholders of Clariant Ltd		229		152	
Non-controlling interests		10		65	
Basic earnings per share attributable to the shareholders of Clariant Ltd (CHF/share)					
Continuing operations	27	0.67		0.55	
Discontinued operations	27	0.04		– 0.07	
Total		**0.71**		**0.48**	
Diluted earnings per share attributable to the shareholders of Clariant Ltd (CHF/share)					
Continuing operations	27	0.67		0.54	
Discontinued operations	27	0.04		– 0.07	
Total		**0.71**		**0.47**	

[1] The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 31 December 2015 and 2014	Notes[1]	**2015** in CHF m	2014 in CHF m
Net income		**239**	**217**
Other comprehensive income:			
Remeasurements:			
Actuarial gain/loss on retirement benefit obligations	17	39	– 443
Return on retirement benefit plan assets, excluding amount included in interest expense	17	– 32	118
Total items that will not be reclassified subsequently to the income statement, gross		**7**	**– 325**
Deferred tax effect	9	– 6	60
Total items that will not be reclassified subsequently to the income statement, net		**1**	**– 265**
Net investment hedge	28	66	20
Currency translation differences		– 404	72
Share of other comprehensive income of associates and joint ventures	7	1	– 9
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities		– 2	3
Total items that will be reclassified subsequently to the income statement, gross		**– 339**	**86**
Deferred tax effect		–	–
Total items that will be reclassified subsequently to the income statement, net		**– 339**	**86**
Other comprehensive income for the period, net of tax		**– 338**	**– 179**
Total comprehensive income for the period		**– 99**	**38**
Attributable to:			
Shareholders of Clariant Ltd		– 110	– 36
Non-controlling interests		11	74
Total comprehensive income for the period		**– 99**	**38**
Total comprehensive income attributable to shareholders of Clariant Ltd arising from:			
Continuing operations		– 110	– 17
Discontinued operations		–	– 19
Total comprehensive income attributable to shareholders of Clariant Ltd		**– 110**	**– 36**

[1] The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY in CHF m

at 31 December 2015 and 2014

			Other reserves						
	Total share capital	Treasury shares (par value)	Share premium reserves	Cumulative translation reserves	Total other reserves	Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
Balance 31 December 2013	**1 228**	**– 49**	**1 692**	**– 811**	**881**	**654**	**2 714**	**66**	**2 780**
Net income					–	152	152	65	217
Net investment hedge				20	20		20		20
Remeasurements:									
Actuarial gain/loss on retirement benefit obligation (see note 17)					–	– 443	– 443		– 443
Return on retirement benefit plan assets, excluding amount included in interest expense (see note 17)					–	118	118		118
Deferred tax on remeasurements (see note 9)					–	60	60		60
Share of other comprehensive income of associates and joint ventures (see note 7)					–	– 9	– 9		– 9
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities				3	3		3		3
Currency translation differences				63	63		63	9	72
Total comprehensive income for the period	**–**	**–**	**–**	**86**	**86**	**– 122**	**– 36**	**74**	**38**
Distributions			– 115		– 115		– 115		– 115
Dividends to non-controlling interests					–		–	– 24	– 24
Disposal of non-controlling interests (see note 15)					–	17	17	8	25
Employee share & option scheme:									
Effect of employee services					–	17	17		17
Treasury share transactions		4			–	8	12		12
Balance 31 December 2014	**1 228**	**– 45**	**1 577**	**– 725**	**852**	**574**	**2 609**	**124**	**2 733**
Net income					–	229	229	10	239
Net investment hedge (see note 28)				66	66		66		66
Remeasurements:									
Actuarial gain/loss on retirement benefit obligation (see note 17)					–	39	39		39
Return on retirement benefit plan assets, excluding amount included in interest expense (see note 17)					–	– 32	– 32		– 32
Deferred tax on remeasurements (see note 9)					–	– 6	– 6		– 6
Currency translation differences				– 405	– 405		– 405	1	– 404
Share of other comprehensive income of associates and joint ventures (see note 7)					–	1	1		1
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities				– 2	– 2		– 2		– 2
Total comprehensive income for the period	**–**	**–**	**–**	**– 341**	**– 341**	**231**	**– 110**	**11**	**– 99**
Distributions			– 129		– 129		– 129		– 129
Dividends to non-controlling interests					–		–	– 37	– 37
Share buyback of non-controlling interests by Clariant Chemicals (India) Ltd (see note 15)					–		–	– 21	– 21
Employee share & option scheme:									
Effect of employee services					–	13	13		13
Treasury share transactions		11			–	23	34		34
Balance 31 December 2015	**1 228**	**– 34**	**1 448**	**– 1 066**	**382**	**841**	**2 417**	**77**	**2 494**

The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended 31 December 2015 and 2014

	Notes[1]	**2015** in CHF m	2014 in CHF m
Net income		**239**	**217**
Adjustment for:			
Depreciation of property, plant and equipment (PPE)	5	203	221
Impairment	25	14	116
Amortization of intangible assets	6	54	61
Impairment of working capital		52	59
Income from associates and joint ventures	7	– 77	– 75
Tax expense	9	74	152
Net financial income and costs	26	100	123
Gain from disposals not qualifying as discontinued operations	23	– 15	– 168
Loss on disposals of discontinued operations	22	2	15
Other non-cash items		41	9
Total reversal of non-cash items		448	513
Dividends received from associates and joint ventures	7	57	50
Income taxes paid		– 96	– 108
Payments for restructuring	25	– 78	– 89
Cash flow before changes in net working capital and provisions		**570**	**583**
Changes in inventories		– 28	– 116
Changes in trade receivables		– 79	– 73
Changes in trade payables		39	– 76
Changes in other current assets and liabilities		– 7	– 1
Changes in provisions (excluding payments for restructuring)		7	17
Cash flow from operating activities		**502**	**334**
Investments in PPE	5	– 374	– 310
Investments in financial assets, associates and joint ventures		–	– 2
Investments in intangible assets	6	– 27	– 13
Changes in current financial assets and near-cash assets		7	– 28
Sale of PPE and intangible assets		7	181
Acquisition of companies, businesses and participations	24	– 22	– 41
Proceeds from disposals of discontinued operations	22	–	132
Proceeds from disposals of activities not qualifying as discontinued operations	23	74	112
Cash flow from investing activities		**– 335**	**31**
Purchase of treasury shares		– 21	– 20
Sale of treasury shares		55	28
Distribution from the reserves to the shareholders of Clariant Ltd	15	– 129	– 115
Dividends paid to non-controlling interests		– 37	– 24
Proceeds from the disposal of non-controlling interests	15	–	25
Share-Buyback of non-controlling interests by Clariant Chemicals (India) Ltd	15	– 21	–
Proceeds from financial debts		497	265
Repayments of financial debts		– 350	– 471
Interest paid		– 90	– 105
Interest received		12	14
Cash flow from financing activities		**– 84**	**– 403**
Currency translation effect on cash and cash equivalents		– 42	16
Net change in cash and cash equivalents		**41**	**– 22**
Cash and cash equivalents at the beginning of the period	**14**	**748**	**770**
Cash and cash equivalents at the end of the period	**14**	**789**	**748**

[1] The notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

1.01 – General information

Clariant Ltd (the »Company«) and its consolidated subsidiaries (together the »Group«) are a global leader in the field of specialty chemicals. The Group develops, manufactures, distributes and sells a broad range of specialty chemicals which play a key role in its customers' manufacturing and treatment processes or add value to their end products. The Group has manufacturing plants around the world and sells mainly in countries within Europe, the Americas and Asia.

Clariant is a limited liability company incorporated and domiciled in Switzerland. The address of its registered office is Rothausstrasse 61, CH-4132 Muttenz, Switzerland. The Company is listed on the SIX Swiss Exchange.

The Board of Directors approved the consolidated financial statements for issue on 15 February 2016. They will be subject to approval by the Annual General Meeting of Shareholders scheduled for 21 April 2016.

1.02 – Basis of preparation

The consolidated financial statements of the Clariant Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the IFRIC interpretations applicable to companies reporting under IFRS, and with the significant accounting policies set out below.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. These estimates and judgment affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the reporting period. Although these are based on management's best knowledge of current events and circumstances, actual outcomes may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant to the consolidated financial statements, are disclosed under note 4.

1.03 – Standards, interpretations and amendments effective in 2015

The Clariant Group has applied the following standards, interpretations and amendments starting from 1 January 2015:

- Annual Improvements to IFRSs – 2010 – 2012 Cycle and 2011 – 2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of the improvements made in the 2010 – 2012 and 2011 – 2013 cycles requires additional disclosures, the most noteworthy of which are disclosures to be made with regard to IFRS 8, Operating Segments, and IAS 24, Related Party Disclosures.

The amendment to IAS 19 introduces a simplification of the requirements for certain contributions to a defined benefit plan.

None of these amended standards, interpretations and amendments had a significant impact on the Group's consolidated financial statements.

1.04 – Standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments already issued but not yet effective will be adopted by the Group as they become effective.

IFRS 9, Financial Instruments, addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is yet to assess the full impact of IFRS 9 on its consolidated financial statements.

IFRS 15, Revenue from contracts with customers, deals with revenue recognition and establishes principles for disclosing useful information about revenue and cash flows arising from these contracts. This standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. It is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

In January 2016, the IASB published the new lease standard. IFRS 16, Leases, introduces a new lessee accounting approach by which the lessee will be required to recognize its leases on the balance sheet, by way of the recognition of a »right of use« asset and a lease liability. It also provides new guidance on sale and lease back accounting and requires new and different disclosures. This new standard will replace the guidance of IAS 17, Leases, and is effective for accounting periods beginning on or after 1 January 2019. Its impact on the Group financial statements is not assessed yet. There are no other standards, interpretations or amendments already issued but not yet effective that would be expected to have a material impact for the Group.

1.05 – Scope of consolidation

- **Subsidiaries:** Subsidiaries are those entities over which the Group has control. This is the case when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date the control ceases.

- **Associates:** Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method.

- **Joint arrangements:** The Group applies IFRS 11, Joint Arrangements, to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Clariant has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

All associates and joint ventures apply the same accounting principles as the Group.

1.06 – Principles and methods of consolidation

The annual closing date of the individual financial statements is 31 December. The consolidated financial statements are prepared applying uniform presentation and valuation principles.

The results of non-controlling interests are separately disclosed in the income statement and in the balance sheet.

1.07 – Revenue recognition

Sales of goods, interest income and dividends are recognized in line with the requirements of IAS 18, Revenue.

1.08 – Exchange rate differences

Exchange rate differences are recognized in line with the requirements of IAS 21, The Effect of Changes in Foreign Exchange Rates. The consolidated financial statements are presented in Swiss francs, which is the functional and presentation currency of the parent company.

Income statements and cash flow statements of foreign entities are translated into the Group’s presentation currency at sales-weighted average exchange rates for the year and their balance sheets are translated at the exchange rates prevailing on 31 December.

1.09 – Property, plant and equipment

Property, plant and equipment, except for the ones pertaining to mining activities, are valued at historical acquisition or production costs and depreciated on a straight-line basis to the income statement, using the following estimated useful lives in accordance with the Group guidelines:

· Buildings	15 to 40 years
· Machinery and equipment	10 to 16 years
· Furniture, vehicles, computer hardware	3 to 10 years
· Land is not depreciated	

Property, plant and equipment pertaining to mining activities are valued at historical costs and depreciated over their useful lives to the income statement using the units of production method.

When the entity has a present legal or constructive obligation to dismantle an item of property, plant and equipment or restore a site, its initial costs include an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. A corresponding provision is recorded for the amount of the asset component.

Financing costs directly associated with the acquisition, construction or production of qualifying property, plant and equipment are capitalized as a part of the costs of these assets.

1.10 – Intangible assets

Goodwill is recognized as per the requirements of IFRS 3, Business Combinations, IAS 38, Intangible Assets and IAS 28, Investment in Associates and Joint Ventures. Goodwill is not amortized, but tested annually for impairment as required by IAS 36, Impairment of Assets.

Trademarks and licenses are capitalized at historical costs and amortized on a straight-line basis to the income statement over their estimated useful lives, with a maximum of ten years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. They are amortized on a straight-line basis to the income statement over their estimated useful lives (three to five years). Costs directly associated with the production of identifiable and unique software products controlled by the Group, that will probably generate economic benefits beyond one year, are recognized as intangible assets.

Direct costs include software development costs, personnel costs and advisory costs directly related to the software development and an appropriate portion of the relevant overheads. Costs associated with developing and maintaining common software programs are recognized as an expense when incurred.

Intangibles acquired in a business combination with the exception of mining rights are amortized using a straight-line method over their remaining useful lives as follows:

· Technology	3 to 15 years
· Customer relationships	6 to 20 years
· Tradenames	10 years
· Order backlog	2 years

Mining rights are depreciated over their useful lives using the units of production method.

On 1 June 2007, a European Union regulation on chemicals and their safe use came into effect. It deals with the Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH). REACH applies to all substances manufactured, placed on the market and used in the European Union, either on their own, in mixtures or in products. REACH requires the registration of certain substances, with annual volumes exceeding a consumption of 1 000 metric tons, by 2010 and various other substances depending on their category by 2018.

As a company active in the chemical industry, Clariant has incurred costs in connection with REACH. Due to their nature, these costs are considered within the context of IAS 38, Intangible Assets, and those qualifying for capitalization are reported as intangible assets. As the initial two phases of the registration were completed in 2010 and 2013 respectively, the corresponding costs capitalized as intangible assets are amortized since 2011 for the first phase and since January 2014 for the second phase on a straight-line basis to the income statement over their estimated useful lives of twelve years.

1.11 – Impairment of assets

Impairment of assets are recognized and disclosed as per the requirements of IAS 36, Impairment of Assets.

1.12 – Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale when their carrying amount is to be recovered through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal, as per the requirements of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

1.13 – Inventories

Purchased goods are valued at acquisition costs, while self-manufactured products are valued at manufacturing costs including related production overhead costs. Inventory held at the balance sheet date is primarily valued at standard costs, which approximates actual costs on a weighted average basis. This valuation method is also used for valuing the costs of goods sold in the income statement. Adjustments are made for inventories with a lower net realizable value. Unsaleable inventories are fully written off. These adjustments are recorded as valuation allowances, which are deducted directly from the inventory value in the balance sheet. The allowances are reversed when the inventories concerned are either sold or destroyed and as a consequence are removed from the balance sheet.

1.14 – Trade receivables

Trade receivables are recognized in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

1.15 – Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits and calls with banks, as well as short-term investment instruments with an initial lifetime of 90 days or less. Bank overdrafts are shown within financial debt in current liabilities on the balance sheet.

1.16 – Derivative financial instruments and hedging

Derivative financial instruments and hedges are recognized in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

1.17 – Leasing

The Group classifies leases into finance and operating leases and recognizes them based on the requirements of IAS 17, Leases.

1.18 – Current income tax

The taxable profits (losses) of Group companies are calculated in accordance with the rules established by the taxation authorities of the countries in which they operate. They are the basis for the determination of income tax payments (reimbursements) for the reporting period in accordance with the prevailing local income tax rates. Current income tax is accounted for in accordance with the requirements of IAS 12, Income Taxes.

1.19 – Deferred income tax

Deferred income tax is calculated using the comprehensive liability method as per the requirements of IAS 12, Income Taxes.

No deferred income tax is calculated for the temporary differences on investments in Group companies, provided that the investor (parent company) is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

1.20 – Employee benefits

Group companies operate various post-employment schemes, including both defined benefit and defined contribution pension plans, post-employment health care plans and other benefits. Obligations for employee benefits are determined and recorded in line with the requirements of IAS 19, Employee Benefits.

Defined contribution plans: Contributions to defined contribution plans are recorded in the income statement in the period to which they relate.

Defined benefit plans: For defined benefit plans, the amount to be recognized in the provision is determined using the projected unit credit method. Independent actuaries perform the actuarial valuations for the defined benefit plans on a regular basis. For the larger plans these valuations take place annually. For the smaller ones valuations are performed at least every three years, with systematic roll-forwards in the years in between.

The retirement benefit obligations recognized in the balance sheet represent the present value of the obligations at the end of the reporting period less the fair value of the plan assets.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

Some Group companies **provide post-employment health care benefits** to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting method similar to that for the defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The charges for defined benefit plans, defined contribution plans and termination benefits are included in personnel expenses and reported in the income statement under the corresponding functions of the related employees or in restructuring expenses.

Other **long-term employee benefits** are employee benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within twelve months after the end of the period in which the employees render the related service. These include long-term compensated absences such as long-service or sabbatical leave and jubilee or other long-service benefits. The accounting policy for other long-term employee benefits is equal to that for post-employment benefits, with the exception that actuarial gains and losses are recognized immediately in the income statement.

Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render the related service.

1.21 – Provisions

Provisions are recognized as per the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

1.22 – Research and development

Development expenses are capitalized to the extent that the recognition criteria set up by IAS 38, Intangible Assets, are met.

Considering the uncertainties inherent to the development of new key products, Clariant does not capitalize the associated development costs. Experience has proven, that the structure of research and development in the industries that Clariant engages in, makes it difficult to demonstrate how single intangible assets (patents) will generate probable future economic benefits.

Laboratory buildings and equipment included in property, plant and equipment are depreciated over their estimated useful lives in accordance with the Group guidelines of note 1.09.

1.23 – Segment reporting

Segment information is presented in the same manner as in the internal reporting on behalf of the chief operating decision maker. The chief operating decision maker, responsible for strategic decisions, for the assessment of the segments' performance and for the allocation of resources to the segments, is the Executive Committee.

As of 1 January 2014, Clariant divested the Detergents & Intermediates business to International Chemical Investors Group (ICIG).

As of 30 April 2014, Clariant divested the Leather Services business to the Dutch group Stahl.

For these reasons, any result pertaining to these Business Units was reported under discontinued operations in the financial reports for 2014 and 2015.

On 28 February 2015 Clariant sold its Energy Storage activities pertaining to the Business Area Catalysis & Energy to British-based Johnson Matthey. The assets and liabilities pertaining to that activity were reclassified to held for sale during the fourth quarter of 2014 and removed from the balance sheet on the disposal date.

Clariant has seven Business Units (BU) for external reporting purposes, grouped into four Business Areas (BA) (reportable segments), in accordance with IFRS 8, Operating Segments:

- Care Chemicals (BU ICS)
- Catalysis (BU Catalysts, Energy Storage activities sold in 2015)
- Natural Resources (BU Oil & Mining Services, BU Functional Minerals)
- Plastics & Coatings (BU Additives, BU Masterbatches, BU Pigments)

These four business areas have full responsibility for their operating results. The BUs were grouped into the business areas as a consequence of the common traits regarding products, markets, technologies and cyclicality, as described hereafter:

The Business Area **Care Chemicals** comprises the Industrial & Consumer Specialties (ICS) BU, food additives as well as the future Industrial Biotechnology business. It demonstrates a clear focus on highly attractive, high-margin, and low-cyclicality segments. The BA follows a lifestyle-driven megatrend and strengthens Clariant's image of being a supplier of green and sustainable products.

The Business Area **Catalysis** develops, manufactures, and sells a wide range of catalyst products for the chemical, fuel and automotive industries. The Energy storage activities were divested in 2015. This BA is the smallest within Clariant but is highly profitable with low cyclicality.

The Business Area **Natural Resources** comprising BUs Oil & Mining Services and Functional Minerals, is characterized by high growth and low cyclicality as well as strong megatrend orientation. Main drivers are the rising demand for high-value added specialty chemicals used in the oil, mining, food and packaging industries, and increased consumption of oil, gas and base metals, driven by the fast-growing economies.

The Business Area **Plastics & Coatings** comprises the BUs Additives, Pigments and Masterbatches. The BA has a large exposure to Europe and, as such, is subject to lower growth and to economic cycles. Main drivers are the increasing use of plastics with tailor-made properties in applications such as mobile phones, cars, construction, as well as the rising consumption of plastics in line with increasing wealth.

Corporate: Income and expenses relating to Corporate include the costs of the Corporate headquarters and those of corporate coordination functions in major countries. In addition, Corporate includes certain items of income and expenses, which are not directly attributable to specific business areas.

The Group's business areas are segments offering different products. These segments are managed separately because they manufacture, distribute and sell distinct products, which require differing technologies and marketing strategies. These products are also subject to risks and returns that are different from those of other segments.

Segment sales are sales reported in the Group's income statement directly attributable to a segment and the relevant portion of the company income that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments.

Segment operating expenses are expenses resulting from the operating activities of a segment directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis, including expenses relating to sales to external customers and expenses relating to transactions with other segments.

Inter-segment transactions are entered into under the normal circumstances and terms and conditions that would also be available to unrelated third parties.

The segment net assets consist of segment assets, primarily property, plant and equipment, intangible assets, inventories and receivables, less segment liabilities. Usually no allocation of Corporate items is made to the segments. Corporate assets and liabilities principally consist of net liquidity (cash, cash equivalents and other current financial assets less financial debts) and deferred and current income taxes.

The Executive Committee assesses the performance of the operating segments based on income statement parameters like third-party sales, EBITDA, and operating result. Interest income, interest expense and taxes are not allocated to the segments. The return on the capital invested in each segment is measured by the Return on Invested Capital (ROIC).

1.24 – Share capital and other reserves

All issued shares are ordinary shares and as such are classified as equity. Incremental costs, directly attributable to the issue of new shares or options, are shown in equity as a deduction, net of tax, from the proceeds.

Written put options, where Clariant Ltd shares are the underlying, are reported as obligations to purchase Clariant Ltd shares if the number of shares is fixed and physical settlement for a fixed amount of cash is required, in case the option is exercised. At inception, the obligation is recorded at the present value of the settlement amount of the option and the corresponding effect is recognized in shareholders' equity.

The liability is measured subsequently at amortized costs using the effective interest method. Upon settlement of such written put options, the liability is extinguished and the charge to equity is reclassified to the treasury shares.

Clariant Ltd shares, subject to such put options, are not considered to be outstanding for the purpose of basic earnings per share calculations, but are considered for the dilutive earnings per share calculations to the extent that they are dilutive.

Other reserves comprise the following items:

- **Share premium:** The share premium comprises the excess price paid over the par value of the share at the time of issuance of the share capital.

- **Cumulative translation reserves:** The translation reserves comprise the foreign exchange differences arising on the translation of the financial statements of the foreign subsidiaries stated in a currency other than the Group's functional currency. In addition, the cumulative translation reserves comprise the foreign exchange differences arising on the translation of financial liabilities denominated in a currency other than the functional currency of the parent company Clariant Ltd, which are at the same time designated as a hedge of a net investment in a foreign entity.

1.25 – Treasury shares

Treasury shares are deducted from equity at their par value of CHF 3.70 per share. Differences between this amount and the amount paid for acquiring, or received for disposing of treasury shares are recorded in retained earnings.

1.26 – Financial debt

Financial debt is recognized based on the requirements of IAS 39, Financial Instruments: Recognition and Measurement.

1.27 – Financial assets

Financial assets are classified, recognized, measured and, if necessary, impaired based on the requirements of IAS 39, Financial Instruments: Recognition and Measurement. Purchases and sales of financial assets are recognized on settlement date, which is the date on which the Group receives or delivers the assets.

1.28 – Business combinations

The Group applies the acquisition method to account for business combinations in accordance with IFRS 3, Business Combinations, and recognizes any non-controlling interests in the acquiree at fair value (full goodwill method). Acquisition-related costs are expensed as incurred.

2. Enterprise Risk Management Identification, Assessment and Management

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

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

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

The Group, the Service Units and the Regions are also required to make risk assessments based on the same criteria. All stakeholders are required to report significant changes to existing identified risks and new threats and opportunities as they arise.

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

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

A consolidated risk assessment is submitted to the Excutive Committee, the Audit Committee and the Board of Directors for review. In the case of new or changed risks, the reporting procedure is accelerated. Summaries of BUs, Regions and Services risk assessments are shared within Clariant to deliver the Group summary to all key managers.

To support functional responsibility, certain functions have access to risk assessments to assist them in their roles. Examples of such functions are Environmental Safety & Health Affairs (ESHA) to identify key sites for their property risk survey programme, internal audit and Group procurement.

Examples of identified risks included in the Risk Register:

2.1 – Regulation & Compliance: Environmental and product risks
Clariant is subject to many rules and regulations as well as compliance standards. These include chemical industry, country, government and customer requirements as well as the European Union's (EU) Regulations on Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH). Corporate Product Stewardship is responsible for the management of these risks. Certain specific matters are delegated to Legal, ESHA and Logistics functions.

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

2.3 – Competitor activity
A number of identified risks include the development of the competitive landscape including emerging players and consolidation activities that could affect the nature and extent of competition. Clariant is a leading participant in its industrial sectors and each sector is monitored to identify changes and consider and plan to deal with the consequences of changes to customers and competitors.

3. Financial risk management

3.1 – Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk, counterparty risk, (re-)financing and funding risk, and also settlement risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance at reasonable hedging costs. The Group uses derivative financial instruments, non-derivative financial instruments and operating strategies to hedge certain risks.

Financial risk management is carried out by the central treasury department (Corporate Treasury) under policies approved by the Executive Committee and the Board of Directors. Corporate Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units and functions. Written principles for the management of overall foreign exchange risk, credit risk for the use of derivative financial instruments, non-derivative financial instruments and investing excess liquidity (counterparty risk) are in place.

Market risk
FOREIGN EXCHANGE RISK

- **Exposure to foreign exchange risk:** The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the euro and the US-dollar and to some extent the currencies of emerging countries. Foreign exchange risks arise from future commercial transactions, recognized assets and liabilities and net investments in foreign operations, when they are denominated in a currency that is not the respective subsidiary's functional currency.

- **Foreign exchange risk management:** To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use spot transactions, FX forward contracts, FX options and FX swaps according to the Group's foreign exchange risk policy. Corporate Treasury is responsible, in close co-ordination with the Group's operating units, for managing the net position in each foreign currency and for putting in place the appropriate hedging actions.

  The Group's foreign exchange risk management policy is to selectively hedge net transaction exposures in major foreign currencies.

Currency exposures arising from the net assets of the Group's foreign operations are managed primarily through borrowings denominated in the relevant foreign currency.

Detailed information regarding foreign exchange management is provided in note 28.

- **Foreign exchange risk sensitivity:** The estimated percentage change of the following foreign exchange rates used in this calculation is based on the historical foreign exchange rate volatility for a term of 360 days. The disbanding of the 1.20 floor in EUR CHF decided by the SNB on 15 January 2015 lead to relatively high historical volatilities as per 31 December 2015.

  At 31 December 2015, if the euro had strengthened/weakened by 22 % (2014: 4 %) against the Swiss franc with all other variables held constant, pre-tax profit for the year would have been CHF 32 million lower/higher (2014: CHF 11 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of the euro-denominated financing, cash and cash equivalents, intragroup financing and third-party trade receivables and payables. Equity would have been CHF 194 million lower/higher (2014: CHF 32 million lower/higher), arising mainly from foreign exchange gains/losses on translation of the euro-denominated hedging instruments.

  At 31 December 2015, if the US-dollar had strengthened/weakened by 23% (2014: 7%) against the Swiss franc with all other variables held constant, pre-tax profit for the year would have been CHF 121 million higher/lower (2014: CHF 9 million higher/lower) mainly as a result of foreign exchange gains/losses on translation of US-dollar denominated cash and cash equivalents, intragroup financing and trade receivables.

INTEREST RATE RISK

- **Exposure to interest rate risk:** Financial debt issued at variable rates and cash and cash equivalents expose the Group to cash-flow interest rate risk; the net exposure as per 31 December 2015 was not significant. Financial debt issued at fixed rates does not expose the Group to fair value interest rate risk because it is recorded at amortized costs. At the end of 2015 and 2014, 100% of the net financial debt was at fixed rates.

- **Interest rate risk management:** It is the Group's policy to manage the costs of interest using fixed and variable rate debt and interest-related derivatives. Corporate Treasury monitors the net debt fix-to-float mix on an ongoing basis.

- **Interest rate risk sensitivity:** To calculate the impact of a potential interest rate shift on profit and loss, a weighted average interest rate change was determined, based on the terms of the financial debt issued at variable rates, fix term deposits and the movements of the corresponding interest rates (interest rates comparison between the end of 2015 and end of 2014).

  At 31 December 2015, if the euro interest rates on net current financial debt issued at variable interest rates had been 24 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been CHF 0.3 million lower/higher (2014: CHF 0.1 million for a euro interest rate shift of 77 basis points).

Other price risks

With regard to the financial statements as per 31 December 2015 and 2014, the Group was not exposed to other price risks in the sense of IFRS 7, Financial Instruments: Disclosures.

CREDIT RISK

- **Exposures to credit risk:** Credit risk arises from deposits of cash and cash equivalents, from entering into derivative financial instruments and from deposits with banks and financial institutions, as well as from credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions with suppliers. Customer credit risk exposure is triggered by customer default risk and country risk. As per 31 December 2015, the Group had a diversified portfolio with more than 28 000 active credit accounts (2014: 44 000), with no significant concentration neither due to size of customers nor due to country risk. Credit accounts that became inactive following the disposals of Business Units and activities of the last years were closed, reducing the number of active credit accounts at the end of 2015 compared to the end of 2014.

- **Credit risk management:** Clariant has a Group credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk rating and credit line allocation process. Procedures are standardized within a corporate customer credit risk policy and supported by the IT system with respective credit management tools. Credit lines are partially backed by credit risk insurance.

Ageing balance of trade receivables	31.12.2015	31.12.2014
Not due yet	87%	90%
Total overdue	13%	10%
– less than 30 days	9%	9%
– more than 30 days	4%	1%

Net trade receivables per Group internal risk category	31.12.2015	31.12.2014
A – low credit risk	21%	28%
B – low to medium credit risk	30%	33%
C – medium to above-average risk	32%	29%
D – high credit risk	16%	9%
N – customers awaiting rating	1%	1%

Financial instruments contain an element of risk that the counterparty may be unable to either issue securities or to fulfill the settlement terms of a contract. Clariant therefore – whenever possible – only cooperates with counterparties or issuers that are at least »BB-«- rated when it comes to entering into deposits with such counterparties. The cumulative exposure to these counterparties is constantly monitored by Corporate Treasury, therefore there is no expectation of a material loss due to counterparty risk.

The Group maintains a large cash pooling structure with a leading European bank, over which most European subsidiaries execute their cash transactions denominated in euro. As a result of this cash pool the Group at certain times has substantial current financial assets and at other times substantial current financial liabilities. In view of the bank being rated »A+« by the most important rating agencies, Clariant does not consider this to pose any particular counterparty risk.

At the balance sheet date 79% (2014: 72%) of the total cash and cash equivalents and near-cash assets were held with four (2014: six) banks, each with a position between CHF 75 and CHF 351 million (2014: between CHF 58 and CHF 214 million). All of these banks are rated »A« and better.

The table below shows in percentage of total cash and cash equivalents the share deposited with each of the three major counterparties at the balance sheet date (excluding the bank managing the euro cash pool):

Counterparty	Rating	31.12.2015
Bank 1	AA	18%
Bank 2	A	16%
Bank 3	A	8%

Counterparty	Rating	31.12.2014
Bank A	A	20%
Bank B	A+	8%
Bank C	A	8%

Liquidity risk

- **Liquidity risk management:** Cash flow forecasting is performed in the subsidiaries of the Group and in aggregate by Corporate Treasury. Corporate Treasury monitors the forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. At all times the Group aims to meet the requirements set by the covenants of any of its borrowing facilities. Corporate Management therefore takes into consideration the Group's debt financing plans and financing options. At the balance sheet date, there are no covenants.

Cash which is not needed in the operating activities of the Group is invested in short-term money market deposits or marketable securities, if an interest income higher than the one on a regular bank deposit can be achieved. At 31 December 2015, the Group held money market funds of CHF 373 million (2014: CHF 457 million), thereof money market funds of CHF 152 million with an initial tenor of more than 90 days (2014: CHF 180 million).

The following table analyzes the maturity profile of the Group's financial liabilities. The amounts disclosed are the contractual undiscounted cash flows and therefore do not reconcile with the financial liabilities presented in the consolidated balance sheets.

At 31 December 2015 CHF m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	394	654	697	508
Interest on borrowings	68	63	65	33
Finance lease liabilities	2	1	4	19
Trade and other payables	1 093	–	–	–
Derivative financial instruments	1	–	–	–

At 31 December 2014 CHF m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	429	165	1 249	347
Interest on borrowings	75	69	107	36
Finance lease liabilities	2	2	4	22
Trade and other payables	1 147	–	–	–
Derivative financial instruments	2	–	–	–

The Group covers its liabilities out of operating cash flow generated, liquidity reserves in form of cash and cash equivalents including money market deposits (31 December 2015: CHF 941 million vs. 31 December 2014: CHF 928 million), uncommitted open cash pool limits and bank credit lines of Corporate Treasury (31 December 2015: CHF 173 million vs. 31 December 2014: CHF 187 million), additional uncommitted net working capital facilities and through issuance of capital market instruments.

3.2 – Fair value measurement

IFRS 13, Fair Value Measurement, requires the disclosure of fair value measurements for financial instruments that are measured at fair value in the balance sheet in accordance with the fair value measurement hierarchy.

The fair value hierarchies are defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation methods

As per 31 December 2015, the open derivative financial instruments held were valued using the following valuation methods:

Forward exchange rate contracts: The valuation of forward exchange rate contracts are based on the discounted cash flow model, using observable inputs, such as interest curves and spot rates.

Exchange rate Options: FX Options are valued based on a Black-Scholes model, using major observable inputs, such as volatility and exercise prices.

The financial instruments measured at fair value through profit or loss were all classified as Level 2 for 2015 and 2014 (see note 28). There were no transfers between the levels in 2015 and 2014.

3.3 – Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain a capital structure suitable to optimize the cost of capital. This includes aspects of the credit rating.

In order to maintain or adjust the capital structure, the Group may adjust the amount of payouts to the shareholders, return capital to the shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of invested capital as part of the return on invested capital concept. Invested capital is calculated as the sum of total equity as reported in the consolidated balance sheets plus current and non-current financial liabilities as reported in the consolidated balance sheets plus estimated liabilities from operating leases, plus estimated cash needed for operating purposes, less cash and cash equivalents and near-cash assets not needed for operating purposes.

Invested capital for the Group was as follows on 31 December 2015 and 2014 respectively:

CHF m	**2015**	2014
Total equity	2 494	2 733
Total current and non-current financial liabilities	2 253	2 191
Estimated operating lease liabilities	421	412
Cash needed for operating purposes	116	122
Less cash and cash equivalents and near-cash assets*	– 941	– 928
Invested capital	**4 343**	**4 530**

* Near-cash assets represent deposits over 90 days.

At the end of 2015, Clariant considers the invested capital to be adequate.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

The Group makes estimates and takes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 – Estimated impairment of goodwill and property, plant and equipment

The Group tests annually whether goodwill has suffered any impairment in accordance with the requirements of IAS 36, Impairment of Assets. The recoverable amounts of all cash generating units have been determined based on value-in-use calculations.

The recoverable value of property, plant and equipment is also assessed applying value-in-use calculations. These calculations require the use of estimates, in particular in relation to the expected growth of sales, the discount rates, the development of raw material prices and the success of restructuring measures implemented (see notes 5 and 6).

4.2 – Environmental liabilities

The Group is exposed to environmental regulations in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for environmental remediation. The Group constantly monitors its sites to ensure compliance with legislative requirements and to assess the liability arising from the need to adapt to changing legal demands. The Group recognizes liabilities for environmental remediation based on the latest assessment of the environmental situation of the individual sites and the most recent requirements of the respective legislation. Where the final remediation results in expenses that differ from the amounts previously recorded, such differences impact the income statement in the period in which such determination is made (see notes 18 and 32).

4.3 – Taxes

The Group is subject to income and other taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income and other taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain at the time a liability must be recorded. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences impact the income tax and deferred tax provisions in the period in which such determination is made (see note 9).

Some subsidiaries generate tax losses. Often these can be used to offset taxable gains of subsequent periods. The Group constantly monitors the development of such tax loss situations. Based on the business plans for the subsidiaries concerned, the recoverability of such tax losses is determined. In the case that a tax loss is deemed to be recoverable, the capitalization of a deferred tax asset for such a tax loss is then decided. The time horizon for such a calculation is in line with the mid-term planning scope of the Group.

4.4 – Estimates for the accounting for employee benefits

IAS 19 Employee Benefits, requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected future salary increases, long-term increase in health care costs, average life expectancy and discount rates. Substantial changes in the assumed development of any of these variables may signiicantly change the Group's retirement benefit obligation and pension assets (see note 17).

5. Property, plant and equipment

in CHF m	Land	Buildings	Machinery and equipment	Furniture, vehicles, computer hardware	Assets under construc-tion	**Total 2015**
Cost						
As per 1 January	452	1 936	3 005	369	161	5 923
Additions	2	13	38	19	302	374
Acquired in business combinations	–	4	5	–	–	9
Disposals	– 2	– 72	– 133	– 24	–	– 231
Reclassifications	1	23	13	14	– 22	29
Exchange rate differences	– 45	– 182	– 255	– 38	– 14	– 534
At 31 December	**408**	**1 722**	**2 673**	**340**	**427**	**5 570**
Accumulated depreciation and impairment						
As per 1 January	– 125	– 1 292	– 2 107	– 282	– 13	– 3 819
Disposals	–	72	133	22	–	227
Depreciation	–	– 47	– 128	– 28	–	– 203
Impairment (see note 25)	–	– 1	– 1	–	–	– 2
Reclassifications	7	13	– 60	– 2	13	– 29
Exchange rate differences	10	113	188	28	–	339
At 31 December	**– 108**	**– 1 142**	**– 1 975**	**– 262**	**–**	**– 3 487**
Net book value	**300**	**580**	**698**	**78**	**427**	**2 083**

in CHF m	Land	Buildings	Machinery and equipment	Furniture, vehicles, computer hardware	Assets under construction	**Total 2014**
Cost						
As per 1 January	455	1 902	2 917	349	76	5 699
Additions	–	21	62	25	202	310
Acquired in business combinations (see note 24)	3	5	6	–	–	14
Reclassifications	–	37	79	16	– 132	–
Reclassified to held for sale (see note 22)	– 2	– 26	– 54	– 1	– 1	– 84
Disposals	–	– 22	– 72	– 31	–	– 125
Exchange rate differences	– 4	19	67	11	16	109
At 31 December	**452**	**1 936**	**3 005**	**369**	**161**	**5 923**
Accumulated depreciation and impairment						
As per 1 January	– 125	– 1 259	– 1 986	– 273	– 15	– 3 658
Reclassified to held for sale (see note 22)	–	6	20	1	1	28
Disposals	–	22	54	29	–	105
Depreciation	–	– 49	– 138	– 34	–	– 221
Impairment (see note 25)	– 1	– 2	– 1	–	–	– 4
Exchange rate differences	1	– 10	– 56	– 5	1	– 69
At 31 December	**– 125**	**– 1 292**	**– 2 107**	**– 282**	**– 13**	**– 3 819**
Net book value	**327**	**644**	**898**	**87**	**148**	**2 104**

Impairments recognized in 2015 and 2014 arose as a result of restructuring measures entailing site closures and of disposal projects.

Exchange rate differences mainly arise from the changes in the euro/Swiss franc and Brasilian real/Swiss franc exchange rates. Both currencies significantly devalued against the Swiss franc in 2015.

As at 31 December 2015, commitments for the purchase of property, plant and equipment concerned various projects mainly in Germany, the United States and in China, and totalled CHF 105 million (2014: CHF 83 million).

As per 31 December 2015, property, plant and equipment acquired by way of finance lease, with costs of CHF 24 million (2014: CHF 31 million) and a net book value of CHF 11 million (2014: CHF 15 million) were recorded.

In a number of cases Clariant companies act as lessors in operating lease arrangements. This concerns exclusively land and buildings, mainly in Germany and Switzerland. The net book value of land and buildings subject to such arrangements amounted to CHF 168 million (gross book value of CHF 667 million, accumulated depreciation and impairment of CHF 499 million) on 31 December 2015 (2014: gross book value of CHF 734 million, accumulated depreciation and impairment of CHF 552 million and a net book value of CHF 182 million). Leasing income in the reporting period amounted to CHF 16 million (2014: CHF 14 million). Expected minimum lease income varies between CHF 10 million and CHF 15 million (2014: CHF 10 million and CHF 14 million) per annum for the next five years and amounts to CHF 116 million for later periods (2014: CHF 129 million).

6. Intangible assets

in CHF m	Goodwill	Technology	Customer relation-ships	Trade names	Other	**Total 2015**
Cost						
As per 1 January	1 324	187	187	74	259	2 031
Additions	–	–	–	–	27	27
Acquired in business combinations	4	2	1	–	9	16
Disposals	–	– 30	–	– 3	– 3	– 36
Reclassifications	30	42	87	37	63	259
Exchange rate differences	– 95	– 9	– 5	–	– 25	– 134
At 31 December	**1 263**	**192**	**270**	**108**	**330**	**2 163**
Accumulated amortization and impairment						
As per 1 January	– 210	– 86	– 51	– 38	– 159	– 544
Disposals	–	30	–	3	3	36
Amortization	–	– 15	– 8	– 7	– 24	– 54
Impairment (see note 25)	– 7	–	–	–	– 4	– 11
Reclassifications	– 30	– 53	– 115	– 27	– 34	– 259
Exchange rate differences	3	3	–	–	13	19
At 31 December	**– 244**	**– 121**	**– 174**	**– 69**	**– 205**	**– 813**
Net book value	**1 019**	**71**	**96**	**39**	**125**	**1 350**

in CHF m	Goodwill	Technology	Customer relation-ships	Trade names	Other	**Total 2014**
Cost						
As per 1 January	1 330	179	178	69	296	2 052
Additions	–	–	–	–	13	13
Acquired in business combinations (see note 24)	10	3	2	5	1	21
Disposals	–	–	–	–	– 60	– 60
Reclassifications	– 9	6	3	–	–	–
Exchange rate differences	– 7	– 1	4	–	9	5
At 31 December	**1 324**	**187**	**187**	**74**	**259**	**2 031**
Accumulated amortization and impairment						
As per 1 January	– 208	– 50	– 43	– 22	– 180	– 503
Disposals	–	–	–	–	59	59
Amortization	–	– 17	– 8	– 7	– 29	– 61
Impairment (see note 25)	–	– 20	–	– 8	–	– 28
Exchange rate differences	– 2	1	–	– 1	– 9	– 11
At 31 December	**– 210**	**– 86**	**– 51**	**– 38**	**– 159**	**– 544**
Net book value	**1 114**	**101**	**136**	**36**	**100**	**1 487**

Amortization is allocated to the line in the income statement, which represents the function to which the intangible asset pertains.

Impairments recognized in 2015 and 2014 arose as a result of the restructuring measures and the disposal projects.

As per end of 2015, other intangible assets include costs in the amount of CHF 44 million (2014: CHF 46 million) capitalized in connection with the REACH regulation and CHF 23 million (2014: CHF 15 million) of capitalized internally generated intangibles.

Impairment test for goodwill. Goodwill is allocated to the Group's cash generating units (CGU). Cash generating units consist of Business Units which are for external reporting purposes reported under the corresponding business areas (reportable segments, see note 1.23).

Goodwill is allocated to the following CGUs:

in CHF m	**31.12.2015**	31.12.2014
Industrial & Consumer Specialties	46	43
Masterbatches	174	185
Pigments	18	25
Functional Minerals	143	158
Catalysts	622	685
Oil & Mining Services	16	18
Total net book value	**1019**	**1114**

Continuing operations

The recoverable amount for all CGUs is determined based on their value-in-use. The value-in-use calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period. Beyond this five-year period growth in accordance with market growth is assumed. The main assumptions used for cash flow projections were EBITDA in percent of sales and sales growth. The assumptions regarding these two variables are based on Management's past experience and future expectations of business performance. The pre-tax discount rates used are based on the Group's weighted average cost of capital. The assumed pre-tax discount rate was 11.31% for all cash generating units (2014: 12.01%).

For all CGUs it was assumed that they achieve sales growth in line with or higher than market growth based on the current specific strategic plans for those CGUs. It was also assumed that the EBITDA in percentage of sales will improve over present performance as a result of the continuous improvement measures implemented. It was also determined that the net present value of their expected cash flows exceeds the carrying amount of the net assets allocated on a value-in-use basis.

The estimated recoverable amount of the CGU Catalysts exceeds its carrying amount including goodwill by CHF 141 million. The recoverable amount would be equal to the carrying amount if the assumed average annual sales growth rate during the planning period were reduced by 0.6%, or alternatively, if the operating margin was reduced by 1.5% of sales.

7. Investments in associates and joint ventures

in CHF m	**2015**	2014
As per 1 January	**635**	**608**
Change in the scope of consolidation	– 13	– 6
Additions	7	187
Impairment (see note 25)	– 1	– 84
Disposals	–	– 74
Share of profit	77	75
Share of other comprehensive income of associates and joint ventures	1	– 9
Dividends received	– 57	– 50
Exchange rate differences	– 63	– 12
At 31 December	**586**	**635**
Thereof joint ventures	177	190

The key financial data of the Group's principal associates is as follows:

INVESTMENTS IN ASSOCIATES:

	Stahl Lux 2 SA		Infraserv GmbH & Co. Höchst KG		Infraserv GmbH & Co. Gendorf KG		Infraserv GmbH & Co. Knapsack KG		Others	
	Luxembourg		Germany		Germany		Germany			
in CHF m	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Summarized financial information										
Interest held %	23 %	23 %	32 %	32 %	50 %	50 %	21 %	21 %	–	–
Revenue	619	436	1 112	1 247	231	269	193	203	289	304
Net income/loss	56	11	75	102	17	20	13	15	9	– 1
Total comprehensive income	56	11	77	109	14	18	13	15	9	– 1
Other comprehensive income	–	–	– 2	– 7	3	– 2	–	–	–	–
Current assets	342	352	300	373	57	79	57	63	214	213
Non current assets	348	372	653	763	147	151	98	100	146	163
Current liabilities	– 143	– 148	– 220	– 111	– 37	– 72	– 41	– 39	– 150	– 156
Total non-current liabilities	– 313	– 370	– 417	– 665	– 71	– 59	– 29	– 30	– 100	– 99
Net assets	**234**	**206**	**316**	**360**	**96**	**99**	**85**	**94**	**110**	**121**
Book value beginning of period	**187**	**–**	**123**	**119**	**50**	**50**	**19**	**19**	**66**	**74**
Additions	–	186	–	–	–	–	–	–	7	1
Change in the scope of consolidation	–	–	–	–	–	–	–	–	– 13	– 6
Impairment	–	–	–	–	–	–	–	–	– 1	–
Share of profit for the period	11	3	26	38	10	8	3	3	10	5
Share of other comprehensive income	–	–	– 1	– 7	2	– 2	–	–	–	–
Dividends received	–	–	– 32	– 23	– 6	– 8	– 3	– 3	– 5	– 6
Foreign exchange rate differences	– 18	– 2	– 12	– 4	– 5	2	– 2	–	– 7	– 2
Book value end of the period	**180**	**187**	**104**	**123**	**51**	**50**	**17**	**19**	**57**	**66**
Group's Share in net assets	**54**	**47**	**101**	**115**	**48**	**50**	**18**	**20**	**57**	**66**
Fair value adjustment/Goodwill	124	140	–	–	–	–	–	–	–	–
Taxes, Minorities and other adjustments	2	–	3	8	3	–	– 1	– 1	–	–
Book value at the end of the period	**180**	**187**	**104**	**123**	**51**	**50**	**17**	**19**	**57**	**66**

On 30 April 2014, Clariant sold its Leather Services Business to the Netherlands-based Stahl group for a cash consideration of CHF 89 million and a 23 % stake in the acquiring group. Stahl is a producer of high-quality chemicals, dyes and coatings for leather and other applications and has about 1 700 employees.

The Infraserv companies were set up by the former Hoechst group to cater to the infrastructure needs of its subsidiaries in Germany prior to 1997. The shareholdings in associates summarized under »Others« concern mainly companies specializing in selling Clariant products.

On 31 December 2015, accumulated unrecognized losses amounted to CHF 18 million (2014: CHF 14 million).

The key financial data of the Group's principal joint ventures is as follows:

INVESTMENTS IN JOINT VENTURES:

	ASK Group		Scientific Design Company Inc.		Süd-Chemie India Pvt Ltd	
	Germany		USA		India	
in CHF m	**2015**	2014	**2015**	2014	**2015**	2014
Summarized financial information						
Interest held %	0%	50%	50%	50%	50%	50%
Revenue	–	320	85	93	98	94
Net income	–	6	8	11	21	21
Total comprehensive income	–	6	8	11	23	23
Other comprehensive Income	–	–	–	–	– 2	– 2
Current assets	–	–	84	87	172	140
Non-current assets	–	–	29	32	14	13
Current liabilities	–	–	– 20	– 19	– 82	– 63
Total non-current liabilities	–	–	– 8	– 19	– 5	– 2
Net assets	**–**	**–**	**85**	**81**	**99**	**88**
Book value beginning of period	**–**	**159**	**108**	**109**	**82**	**78**
Impairment	–	– 84	–	–	–	–
Disposals	–	– 74	–	–	–	–
Share of profit/loss for the period	–	–	5	7	12	11
Dividends received	–	–	– 7	– 5	– 4	– 5
Foreign exchange rate differences	–	– 1	– 11	– 3	– 8	– 2
Book value end of the period	**–**	**–**	**95**	**108**	**82**	**82**
Group's Share in net assets at the end of the period	**–**	**–**	**42**	**40**	**49**	**44**
Fair value adjustment/Goodwill	–	–	66	67	28	33
Taxes, Minorities and other adjustments	–	–	– 13	1	5	5
Book value at the end of the period	**–**	**–**	**95**	**108**	**82**	**82**

Scientific Design Company Inc. is a producer of ethylene and oxide catalysts headquartered in the United States and has around 140 employees. Co-owner is the Saudi Arabia-based Sabic group.

Süd-Chemie India Pvt Ltd is a producer of syngas, air purification and refinery catalysts. It has around 400 employees and is headquartered in India. It is co-owned by private investors based in India.

During 2014, Clariant sold its 50 % participation in the ASK group, a German-based supplier of additives and supplies for the foundry industry. Co-owner was the US-based Ashland group and acquirer was the London and New York-based private equity investment firm Rhône Group LLC (see note 23).

8. Financial assets

in CHF m	2015	2014
As per 1 January	44	27
Additions	2	17
Reclassified from other current assets (see note12)	38	–
Repayments and diposals	– 4	–
Exchange rate differences	– 3	–
At 31 December	**77**	**44**

Financial assets include loans to joint ventures, loans arising on disposals and a number of small-scale participations in companies, mostly in Germany, engaged in activities closely related to the ones of Clariant.

Loans are carried at amortized cost.

Financial assets are mostly denominated in euros, US-dollars and in Swiss francs.

9. Taxes

in CHF m	2015	2014
Current income taxes	– 76	– 161
Deferred income taxes	2	9
Total taxes	**– 74**	**– 152**
Thereof reported under discontinued operations	1	8
Total continuing operations	**– 73**	**– 144**

The main elements contributing to the difference between the Group's overall expected tax expense/rate and the effective tax expense/rate are:

	2015 in CHF m	in %	2014 in CHF m	in %
Income before taxes from continuing operations	300		379	
Income before taxes from discontinued operations	13		– 10	
Income before taxes total	**313**		**369**	
Expected tax expense/rate [1]	**– 62**	**19.8**	**– 82**	**22.2**
Effect of taxes on items not tax-deductible	– 24	7.7	– 110	29.8
Effect of utilization and changes in recognition of tax losses and tax credits	13	– 4.2	9	– 2.4
Effect of tax losses and tax credits of current year not recognized	– 8	2.6	– 13	3.5
Effect of adjustments to taxes recognized in prior periods	– 2	0.6	– 16	4.3
Effect of tax exempt income and preferential tax rate	14	– 4.5	59	– 16.0
Effect of other items	– 5	1.6	1	– 0.3
Effective tax expense/rate	**– 74**	**23.6**	**– 152**	**41.2**
Thereof reported under discontinued operations	1	– 0.3	8	– 3.2
Effective tax expense/rate continuing operations	**– 73**	**23.3**	**– 144**	**38.0**

[1] Calculated based on the income before tax of each subsidiary (weighted average).

Compared to the expected tax rate, the effective tax rate was adversely impacted by dividend tax arising mainly from the repatriation of proceeds from a land sale in India and by the non-recognition of deferred tax asset on tax losses incurred by subsidiaries mainly in China and Canada as their recoverability was not considered probable. On the other hand, the effective tax rate was positively influenced by the utilization of previously unrecognized tax losses/tax credits by subsidiaries in particular in Switzerland and United Kingdom.

The movement of the net deferred income tax balance is as follows:

in CHF m	PPE and intangible assets	Retirement benefit obligations	Tax losses and tax credits	Other accruals and provisions	**Total**	Thereof offset within the same jurisdiction	**Total**
Deferred tax assets at 1 January 2014	60	141	146	111	458	– 213	245
Deferred tax liabilities at 1 January 2014	– 298	–	–	– 35	– 333	213	– 120
Net deferred tax balance at 1 January 2014	**– 238**	**141**	**146**	**76**	**125**	**–**	**125**
Charged/credited to income from continuing operations	30	– 23	– 20	18	5		
Effect of disposals	6	– 3	–	1	4		
Total charged/credited to income statement	**36**	**– 26**	**– 20**	**19**	**9**		
Charged/credited to other comprehensive income	–	60	–	–	60		
Exchange rate differences	– 1	– 2	9	– 1	5		
Net deferred tax balance at 31 December 2014	**– 203**	**173**	**135**	**94**	**199**	**–**	**199**
Deferred tax assets at 31 December 2014	50	173	135	112	470	– 199	271
Deferred tax liabilities at 31 December 2014	– 253	–	–	– 18	– 271	199	– 72
At 1 January 2015	**– 203**	**173**	**135**	**94**	**199**	**–**	**199**
Charged/credited to income from continuing operations	101	– 11	– 3	– 86	1		
Effect of disposals	1	–	–	–	1		
Total charged/credited to income statement	**102**	**– 11**	**– 3**	**– 86**	**2**		
Charged/credited to other comprehensive income	–	– 6	–	–	– 6		
Exchange rate differences	16	– 10	– 5	– 11	– 10		
Net deferred tax balance at 31 December 2015	**– 85**	**146**	**127**	**– 3**	**185**	**–**	**185**
Deferred tax assets at 31 December 2015	88	148	128	–	364	– 108	256
Deferred tax liabilities at 31 December 2015	– 173	– 2	– 1	– 3	– 179	108	– 71
Net deferred tax balance at 31 December 2015	**– 85**	**146**	**127**	**– 3**	**185**	**–**	**185**

Of the deferred tax assets capitalized on tax losses, CHF 76 million refer to tax losses of the US-subsidiaries (2014: CHF 86 million), CHF 10 million to tax losses of the Spanish subsidiaries (2014: CHF 12 million), CHF 8 million to tax losses of the Italian subsidiaries (2014: CHF 11 million) and CHF 4 million to tax losses of the Swiss subsidiaries (2014: CHF 8 million). Clariant considers it probable that these tax losses can be recovered.

Deferred income tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. These unremitted earnings totaled CHF 1 734 million at the end of 2015 (2014: CHF 2 470 million).

The tax losses on which no deferred tax assets are recognized are reviewed for recoverability at each balance sheet date. The largest part of these tax losses arose in Switzerland (with a weighted average tax rate of 16.8 %), in France (with a tax rate of 33.3 %), in China (with a tax rate of 25 %) and in Luxemburg (with a tax rate of 29.2 %). At present their recoverability is not considered probable.

Tax losses on which no deferred tax assets were recognized are as follows:

in CHF m	**31.12.2015**	31.12.2014
EXPIRY BY:		
2015	–	12
2016	71	159
2017	60	61
2018	22	25
2019	32	–
after 2019 (2014: after 2018)	260	318
Total	**445**	**575**
CHF m	**31.12.2015**	31.12.2014
Unrecognized tax credits	**–**	**13**

Tax credits of CHF 13 million were recognized in 2015. They expire in 2020 or later. In 2014, unrecognized tax credits amounting to about half a million were expiring between 2015 and 2018 and the remaining tax credits of CHF 11 million were expiring in and after 2018.

Temporary differences on which no deferred tax recognized amount to CHF 37 million (2014: CHF 41 million).

10. Inventories

in CHF m	**31.12.2015**	31.12.2014
Raw material, consumables, work in progress	343	394
Finished products	468	544
Total	**811**	**938**
Reclassified to held for sale	–	– 8
Total as reported in the balance sheet	**811**	**930**

in CHF m	**2015**	2014
Movements in write-downs of inventories		
As per 1 January	35	35
Additions	21	29
Reversals	– 19	– 25
Effect of disposals	–	– 5
Exchange rate differences	– 5	1
At 31 December	**32**	**35**

As at 31 December 2015 and 2014, no inventories were pledged as collateral for liabilities.

The costs for raw materials and consumables recognized as an expense and included in »Costs of goods sold« amounted to CHF 2 400 million (2014: CHF 2 649 million).

11. Trade receivables

in CHF m	**31.12.2015**	31.12.2014
Gross accounts receivable – trade	949	998
Gross accounts receivable – associates and joint ventures	13	22
Less: provision for doubtful accounts receivable	– 28	– 31
Total trade receivables – net	**934**	**989**
Reclassified to held for sale	–	– 4
Total as reported in the balance sheet	**934**	**985**

The following summarizes the movement in the provision for doubtful accounts receivable:

in CHF m	**2015**	2014
As per 1 January	– 31	– 27
Charged to the income statement	– 21	– 21
Amounts used	10	8
Unused amounts reversed	8	10
Effect of disposals	1	–
Exchange rate differences	5	– 1
At 31 December	**– 28**	**– 31**

Of the total provision for doubtful accounts receivable, the following amounts concern trade receivables that were individually impaired:

in CHF m	**31.12.2015**	31.12.2014
Trade receivables aged up to six months	– 2	– 9
Trade receivables aged over six months	– 9	– 8
Total provision for impairment	**– 11**	**– 17**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers.

The Group recognizes the impairment of trade receivables in »Selling, general and administrative costs« in the income statement.

The maximum credit risk on trade receivables is equal to their fair value.

Collaterals are only required in rare cases (2015: CHF 1 million, 2014: CHF 2 million).

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

in CHF m	**31.12.2015**	31.12.2014
EUR	360	343
USD	268	278
CNY	61	80
BRL	40	55
JPY	37	40
INR	22	20
CHF	2	2
Other	144	171
Total trade receivables – net	**934**	**989**
Reclassified to held for sale	–	– 4
Total as reported in the balance sheet	**934**	**985**

As of 31 December 2015, »Total trade receivables – net« include an amount of CHF 138 million (2014: CHF 166 million) past due, but not impaired. These relate to a number of customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

in CHF m	**31.12.2015**	31.12.2014
Up to three months past due, but not impaired	119	147
Three to six months past due, but not impaired	10	6
More than six months past due, but not impaired	9	13
Total	**138**	**166**

12. Other current assets

Other current assets include the following:

in CHF m	**31.12.2015**	31.12.2014
Other receivables	228	266
Current financial assets	48	68
Prepaid expenses and accrued income	52	54
Total	**328**	**388**
Reclassified to held for sale	–	– 3
Total as reported in the balance sheet	**328**	**385**

Other receivables include, among others, staff loans and advances, VAT and sales tax receivables.

Other receivables are recognized at amortized cost in the balance sheet.

Current financial assets are mainly made up of notes receivables and short-term loans. These are classified as loans and receivables and recognized at amortized cost in the balance sheet.

A loan of CHF 38 million, granted to a related party was reclassified from current financial assets to financial assets in 2015.

The book value of current financial assets, recognized at amortized cost, equals their fair value.

There was no impairment of current financial assets in 2015 and 2014.

Other receivables are denominated in the following currencies:

in CHF m	**31.12.2015**	31.12.2014
CHF	23	23
EUR	77	80
USD	9	26
JPY	17	12
BRL	13	20
CNY	9	10
INR	13	12
Other	67	83
Total	**228**	**266**

Current financial assets are denominated in the following currencies:

in CHF m	**31.12.2015**	31.12.2014
USD	7	44
CHF	29	20
EUR	1	2
CNY	9	–
INR	2	2
Total	**48**	**68**

The maximum exposure to credit risk of other current assets at the reporting date is their fair value.

13. Near-cash assets

Near-cash assets include short-term deposits with an original maturity between 90 and 365 days.

Near-cash assets are denominated in the following currencies:

in CHF m	31.12.2015	31.12.2014
CHF	4	86
EUR	133	–
GBP	15	94
Total	**152**	**180**

14. Cash and cash equivalents

in CHF m	31.12.2015	31.12.2014
Cash at bank and on hand	568	471
Short-term bank deposits	221	277
Total	**789**	**748**

Cash and cash equivalents are denominated in the following currencies:

in CHF m	31.12.2015	31.12.2014
USD	300	134
EUR	176	141
CHF	108	191
GBP	96	15
CNY	32	21
JPY	8	12
INR	7	160
BRL	4	7
Other	58	67
Total	**789**	**748**

The effective average annual interest rate on short-term bank deposits in Swiss francs was 0.04 % (2014: 0.15%); these deposits have an average maturity of 66 days (2014: 32 days).

The effective average annual interest rate on short-term bank deposits in US-dollars was 0.28 % (2014: 0.22 %); these deposits have an average maturity of 38 days (2014: 45 days).

The effective average annual interest rate on short-term bank deposits in British pound was 0.48 % (2014: 0.45 %); these deposits have an average maturity of 50 days (2014: 49 days).

There were no material short-term bank deposits denominated in currencies other than the Swiss franc, the US-dollar and the British pound at the end of the reporting period.

The maximum exposure to credit risk on cash and cash equivalents is equal to their book value.

15. Changes in share capital and treasury shares and changes in non-controlling interests

Registered shares each with a par value of CHF 3.70 (2014: CHF 3.70)	Number of shares 2015	Par value 2015 in CHF m	Number of shares 2014	Par value 2014 in CHF m
Share capital as per 1 January	**331 939 199**	**1 228**	**331 939 199**	**1 228**
Share capital at 31 December	**331 939 199**	**1 228**	**331 939 199**	**1 228**
Treasury shares	– 9 195 810	– 34	– 12 087 920	– 45
Outstanding share capital at 31 December	**322 743 389**	**1 194**	**319 851 279**	**1 183**

Treasury shares (number of shares)	**2015**	**2014**
Shares held as per 1 January	12 087 920	13 204 851
Shares purchased at market value	1 016 761	1 200 000
Shares sold to counterparty out of options (management options 2010)	– 2 077 650	–
Shares sold at market value	– 1 016 741	– 1 580 456
Shares transferred to employees	– 814 480	– 736 475
Shares held at 31 December	**9 195 810**	**12 087 920**

All shares are duly authorized and fully paid in.

Dividends are paid out as and when declared equally on all shares, excluding treasury shares. The information concerning payments per share to the shareholders are disclosed in the notes to the financial statements of Clariant Ltd.

In accordance with article 5 of the company's Articles of Incorporation, no limitations exist with regard to the registration of shares which are acquired in one's own name and on one's own account. Special rules exist for nominees.

In accordance with article 13 of the company's Articles of Incorporation, each share has the right to one vote.

Significant shareholdings of 3 % or more of total share capital

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2015 the following shareholders held more than 3 % of voting rights in Clariant Ltd:

Shareholders	Voting rights
Group of former shareholders of Süd-Chemie AG [1]	13.89 %
Thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) [2]	*3.73 %*
APG Asset Management N.V., Amsterdam, Netherlands	5.01 %
Cymbria, Canada Edge Point Global Portfolio, Canada Edge Point Canadian Growth and Income Portfolio, Canada Edge Point Canadian Portfolio, Canada Edge Point Global Growth and Income Portfolio, Canada St. James Place Global Equity Unit Trust, UK	3.06 %
Black Rock Inc., New York Black Rock Advisors, LLC Black Rock (UK) Limited	3.05 %

[1] The following former shareholders of Süd-Chemie AG form a group:

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

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

Disclosure notifications during the financial year 2015 reported to the Stock Exchange Disclosure Office pursuant to Art. 20 of the Stock Exchange Act as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_de.html

At 31 December 2015, former shareholders of Süd-Chemie AG, who had exchanged their shares against Clariant shares in April 2011, held a total of 13.89 % of the share capital of Clariant Ltd. These shareholders are affiliated with each other for family or other reasons (especially the Wamsler, Winterstein, Schweighart and Stockhausen families).

In addition, at 31 December 2014, the following shareholders held a participation of 3 % or more of the total share capital:
Group of former shareholders of Süd-Chemie AG: 13.89 % (thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany): 3.73 %); APG Asset Management N.V., Amsterdam, Netherlands: 3.01 %; Cymbria, (Canada): 3.06 %.

At 31 December 2015, Clariant AG itself held 9 195 810 shares in treasury, corresponding to 2.77 % of the share capital.

Distribution to shareholders

On 31 March 2015 the Annual General Meeting of Clariant AG approved a distribution from the confirmed capital contribution reserves of CHF 0.40 per share. This was paid out on 8 April 2015 reducing the capital contribution reserves by CHF 129 million.

Non-controlling interests

In October 2015 Clariant Chemicals (India) Ltd engaged in a share buyback. This resulted in the amount of CHF 21 million being paid out to minority shareholders and CHF 29 million to Group-internal parent companies. As a consequence the percentage of non-controlling interests in this company decreased from 36.6 % to 35.8 %.

On 20 October 2014, Clariant sold a 40 % stake in Clariant Masterbatches (Saudi Arabia) Ltd to Rowad National Plastic Co. Ltd. The transaction reduced Clariant's total stake in Clariant Masterbatches (Saudi Arabia) Ltd from 93 % to 53 % but Clariant retains control of the entity. The total net consideration of the sale amounted to CHF 25 million.

At 31 December 2015, non-controlling interests reported are primarily made up of those of the three following companies. They amount to more than 65 % of the minority shares reported:

Clariant Huajin Catalysts (Panjin) Ltd, reported sales in the amount of CHF 27 million in the reporting period and total assets in the amount of CHF 42 million as per 31 December 2015. The non-controlling interests of 40 % of the shares outstanding is held by Northern Huajin Chemical Industry Group Co. Ltd.

Clariant Chemicals (India) Ltd reported sales in the amount of CHF 134 million in the reporting period and CHF 130 million of total assets as per 31 December 2015. The non-controlling interests of 35.8 % of the shares outstanding is traded on the Bombay Stock Exchange (BSE) in Mumbai.

Clariant Catalysts (Japan) K.K. reported sales in the amount of CHF 129 million in the reporting period and CHF 92 million of total assets as per 31 December 2015. The non-controlling interests of 38.6 % of the shares outstanding are held by Nissan Industries Ltd.

16. Non-current financial debts

in CHF m	Interest rate in %	Term	**Notional amount**	**Net amount 31.12.2015**	Net amount 31.12.2014
Straight bond	2.750	2011 – 2015	200 CHF m	–	200
Certificate of indebtedness	mixed	2011 – 2016	123 EUR m	134	148
Straight bond	5.625	2012 – 2017	500 EUR m	540	599
Straight bond	3.125	2011 – 2017	100 CHF m	100	99
Straight bond	2.500	2012 – 2018	250 CHF m	249	249
Straight bond	3.250	2012 – 2019	285 CHF m	285	284
Certificate of indebtedness	mixed	2015 – 2020	150 EUR m	162	–
Straight bond	3.500	2012 – 2022	175 CHF m	174	174
Certificate of indebtedness	mixed	2015 – 2023	150 EUR m	162	–
Straight bond	2.125	2014 – 2024	160 CHF m	160	160
Total straight bonds and certificates of indebtedness				**1 966**	**1 913**
Liabilities to banks and other financial institutions				**16**	**35**
Obligations under finance leases				**11**	**13**
Subtotal				**1 993**	**1 961**
Less: current portion (see note 20)				**– 134**	**– 200**
Total				**1 859**	**1 761**
Breakdown by maturity					
			2016	–	165
			2017	654	710
			2018	250	254
			2019	285	285
			2020	162	
			after 2020 (2014: after 2019)	508	347
Total				**1 859**	**1 761**
Breakdown by currency			CHF	968	967
			EUR	888	789
			Others	3	5
Total				**1 859**	**1 761**
Fair value comparison (including current portion)					
Straight bonds				1 600	1 901
Certificates of indebtedness				458	148
Others				27	48
Total				**2 085**	**2 097**

On 17 April 2015, Clariant issued four certificates of indebtedness with a total amount of EUR 300 million. These certificates have a term of 5 years (EUR 150 million) and 8 years (EUR 150 million) respectively. For each term there is one certificate with a fixed coupon (based on mid-swap) and one with a floating coupon (based on six months Euribor).

On 9 December 2015, the straight bond issued in 2011 with a notional amount of CHF 200 million reached maturity and was repaid. On 17 October 2014, Clariant launched a CHF 160 million domestic bond for a term of ten years, with a coupon of 2.125 % per annum and an issue price of 101.053 % for the first tranche of CHF 150 million and 101.412 % for the second tranche of CHF 10 million.

On 21 October 2014, the certificates of indebtedness issued in 2011 and 2012 with notional amounts of EUR 242 million and EUR 25 million respectively, reached maturity and were repaid.

Valuation. Non-current financial debt is recognized initially at fair value, net of transaction costs incurred. Financial debt is subsequently stated at amortized cost. There are no long-term financial liabilities valued at fair value through profit and loss.

Fair values of straight bonds are determined by quoted market prices (level 1 in the fair value hierarchy).

Certificates of indebtedness and other financial debts are recorded at notional amounts, which are a reasonable approximation of the fair values.

Covenants. There were no financial covenants for non-current financial debts as of end of 2015 and 2014.

Exposure of the Group's borrowings to interest rate changes

- Bonds: the interest rates of all bonds are fixed.
- Certificates of indebtedness: the major part of the existing certificates of indebtedness has a fixed coupon.
- Liabilities to banks and other financial institutions consist of bank loans with fixed interest rates mainly.

Collateral. In 2015 and 2014, no assets were pledged as collateral.

17. Retirement benefit obligations

Apart from the legally required social security schemes, the Group has numerous independent pension plans. The assets are principally held externally. For certain Group companies however, no independent assets exist for the pension and other non-current employee benefit obligations. In these cases the related liability is included in the balance sheet as part of the non-current liabilities.

Defined benefit post-employment plans. Defined benefit pensions and termination plans cover the majority of the Group's employees. Future obligations and the corresponding assets of those plans considered as defined benefit plans under IAS 19 (revised) are reappraised annually and reassessed at least every three years by independent actuaries. Assets are valued at fair value. US-employees transferred to Clariant with the Hoechst Specialty Chemicals business remain insured with Hoechst for their pension claims incurred prior to 30 June 1997.

Pension assets for funded defined benefit pension plans are managed according to local rules and legislation in each country.

The actual asset allocation is determined by current and expected economic and market conditions and in consideration of specific asset class risks in the risk profile. For this purpose Asset Liability Matching studies are conducted by third-party experts on a regular basis to ensure that investment strategies for pension assets are in line with the structure of the plan members of the pension plan concerned.

In all countries with funded defined benefit plans the body governing the investment policy is constituted in accordance with local legal requirements. To the extent legally permitted Clariant Corporate exercises influence to ensure that the investment policy is set in a way to serve best the needs of the pension plan and its members.

The largest defined benefit plans are operated in Switzerland, the United Kingdom, the United States and Germany. These plans make up 94 % of the total defined benefit obligation.

The most important German plan is unfunded and covers the supplementary pension liabilities for plan members whose salaries exceed the level of the German mandatory social security coverage. Contributions are made primarily by the employer and vary depending on the salary level of the plan members. Employees contribute to the plan up to 2 % of pensionable earnings on a voluntary basis, to which the employer contributes an equal amount on top of the regular contributions. Benefits are paid out as annual pensions amounting to 20 % of total contributions. Lump sum payments to employees are possible to the extent of the voluntary contributions. In addition there exists a smaller, similarly structured funded defined benefit plan for former employees of the Süd-Chemie group, acquired in 2011. All other pension liabilities regarding German staff members are covered by a funded multi-employer plan which is accounted for as a defined contribution plan.

The defined benefit obligation in the United Kingdom is a funded plan covering the pension liabilities of UK-employees who joined the company before 31 December 2001. Staff members who joined after this date are covered by a defined contribution plan. Contributions are made by employees as a fixed percentage of their pensionable earnings, varying in dependence of their salary levels, while the employer covers the difference to the costs of the plan determined in accordance with legal requirements. In general the employer covers more than 90 % of the total plan contributions. Benefits are paid out as lifetime pensions determined based on a career average calculation. The United Kingdom pension plan is marked by a shrinking operating basis and a resulting smaller number of active plan members as compared to deferred and retired plan members. The pension plan is fully funded according to legal requirements. Yet, in view of the high number of non-active plan members, additional contributions may be necessary in future years. In 2015, it was decided to close the plan to further contributions effective as of April 2016. All active members of the pension plan will become members of the defined contribution plan for all benefits acquired subsequent to this date.

In the United States Clariant operates a funded defined benefit pension plan covering the pension liabilities of employees who joined the company before 31 December 2000. Contributions are paid by the employer exclusively. Benefits are paid out as lifetime pensions determined on the basis of a final/career average calculation. Staff members who joined on 1 January 2001 or later are covered by a defined contribution plan. For members of Management whose annual salaries exceed the amount of CHF 260 000 an additional pension scheme is in place in the form of an unfunded defined benefit obligation, which covers the part exceeding this amount. The US pension plan is currently underfunded according to local legal requirements. Additional funding measures in the amount of up to CHF 64 million are scheduled over the next six years.

In Switzerland, Clariant operates a funded defined benefit pension plan that covers the pension liabilities of all employees of the Swiss Clariant companies up to a salary level of CHF 200 000.

Both the employer and the employees contribute to the plan, the employer paying two thirds of the total contributions. The pension plan provides lifetime pensions determined based on cumulative savings of the individual plan member and converted into an annual pension at a fixed conversion rate. Lump sum payments are possible to up to 40 percent of the total individual cumulative savings.

The Swiss pension plan is marked by a shrinking operating basis, and as a result, an increasing share of retired members. Additional funding measures in the amount of CHF 42 million are therefore scheduled over the next ten years.

For members of Management whose annual salaries exceed the amount of CHF 200 000, an additional pension scheme is in place in the form of a funded defined benefit obligation.

Any shortfalls in funded provisions for pension commitments to members of the Executive Committee are accounted for as an unfunded defined benefit obligation.

Post-employment medical benefits. The Group operates a number of post-employment medical benefit schemes in the United States, Canada and France. The method of accounting for the liabilities associated with these plans is largely equal to the one used for defined benefit pension schemes. These plans are not externally funded, but are recognized as provisions in the balance sheets of the Group companies concerned.

Expenses for net benefits are recorded in the same line and function in which the personnel costs are recorded.

Changes in the present value of defined benefit obligations are as follows:

in CHF m	Pension plans (funded and unfunded)		Post-employment medical benefits (unfunded)	
	2015	2014	**2015**	2014
Beginning of the year	2 714	2 248	88	96
Current service cost	39	39	1	2
Past service cost/gain including curtailments	– 22	5	–	– 13
Gain/loss on settlements	–	– 6	–	– 2
Interest costs on obligation	58	77	3	4
Contributions to plan by employees	11	11	–	–
Benefits paid out to personnel in reporting period	– 113	– 113	– 5	– 4
Remeasurements:				
Actuarial gain/loss arising from changes in demographic assumptions	– 6	20	– 1	–
Actuarial gain/loss arising from changes in financial assumptions	– 27	405	– 2	14
Actuarial gain/loss due to experience adjustments	– 1	13	– 2	– 9
Effect of disposals	– 1	– 8	–	– 7
Effect of liabilities extinguished on settlements	– 7	– 15	–	–
Exchange rate differences	– 94	38	– 1	7
End of the year	**2 551**	**2 714**	**81**	**88**

Changes in the fair value of plan assets are as follows:

in CHF m	**2015**	2014
Beginning of the year	1 896	1 718
Interest income on plan assets	43	58
Contributions to plan by employees	11	11
Contributions to plan by employer	59	51
Benefits paid out to personnel in reporting period	– 90	– 89
Remeasurements:		
Return on plan assets (excluding amount included in interest expense)	– 32	118
Effect of assets distributed in settlements	– 5	– 15
Effect of disposals	– 1	– 2
Exchange rate differences	– 31	46
End of the year	**1 850**	**1 896**

As at 31 December 2015 and 2014, the pension plan assets did not include any directly held registered shares or bonds issued by Clariant Ltd.

The amounts recognized in the balance sheets are as follows:

in CHF m	Defined benefit pension plans		Post-employment medical benefits		Total	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Present value of funded obligations	– 1 988	– 2 062	–	–	– 1 988	– 2 062
Fair value of plan assets	1 850	1 896	–	–	1 850	1 896
Overfunding/Deficit	**– 138**	**– 166**	**–**	**–**	**– 138**	**– 166**
Present value of unfunded obligations	– 563	– 652	– 81	– 88	– 644	– 740
Net liabilities in the balance sheet	**– 701**	**– 818**	**– 81**	**– 88**	**– 782**	**– 906**

Thereof recognized in:

in CHF m	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Retirement benefit obligations	– 748	– 836	– 81	– 88	– 829	– 924
Prepaid pension assets	47	18	–	–	47	18
Net liabilities in the balance sheet for defined benefit plans	**– 701**	**– 818**	**– 81**	**– 88**	**– 782**	**– 906**

The amounts recognized in the income statement and in other comprehensive income are as follows:

in CHF m	**2015**	2014	**2015**	2014	**2015**	2014
Current service cost	– 39	– 39	– 1	– 2	– 40	– 41
Net interest cost	– 15	– 19	– 3	– 4	– 18	– 23
Past service cost/gain including curtailments	22	– 5	–	13	22	8
Gain/loss on settlements	–	6	–	2	–	8
Components of defined benefit expense reported in the income statement	**– 32**	**– 57**	**– 4**	**9**	**– 36**	**– 48**
Actuarial gain/loss arising from changes in demographic assumptions	6	– 20	1	–	7	– 20
Actuarial gain/loss arising from changes in financial assumptions	27	– 405	2	– 14	29	– 419
Actuarial gain/loss due to experience adjustments	1	– 13	2	9	3	– 4
Return on plan assets (excluding amount included in net interest expense)	– 32	118	–	–	– 32	118
Components of defined benefit expense reported in other comprehensive income	**2**	**– 320**	**5**	**– 5**	**7**	**– 325**
Total defined benefit expense	**– 30**	**– 377**	**1**	**4**	**– 29**	**– 373**

The fair value of the plan assets is split into the major assets categories as follows:

in CHF m	31.12.2015	31.12.2014
Equities	541	545
thereof based on quoted market prices	*541*	*545*
Bonds	611	733
thereof based on quoted market prices	*499*	*386*
Cash	64	71
thereof based on quoted market prices	*64*	*71*
Property	290	276
thereof based on quoted market prices	*280*	*219*
Alternative investments	344	271
thereof based on quoted market prices	*299*	*6*
Total fair value of plan assets	**1850**	**1896**

The principal actuarial assumptions at the balance sheet dates in percent are as follows:

		2015 in %					2014 in %				
		Group	Most important countries				Group	Most important countries			
		Weighted average	Switzerland	United Kingdom	United States	Germany	Weighted average	Switzerland	United Kingdom	United States	Germany
Discount rate		2.2	0.8	3.8	4.2	2.3	2.3	1.0	3.7	3.9	2.0
Future salary increases		2.5	1.5	4.5	3.0	2.5	2.6	1.5	4.4	3.0	2.5
Long-term increase in health care costs		7.3	–	–	8.0	–	7.3	–	–	8.0	–
Current average life expectancy for a 65 year old male	in years	19	20	22	21	19	19	20	23	22	19
Current average life expectancy for a 65 year old female	in years	21	22	24	23	23	21	22	25	24	23

A one percentage-point change in health care cost trend rates would have the following effects on the obligation for post-employment medical benefits:

in CHF m	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1	–1
Effect on defined benefit obligation	7	–6

A 25 basis-point change in discount rate would have the following effects on the obligation for pension plans:

in CHF m	**25 basis-point increase**	**25 basis-point decrease**
Effect on defined benefit obligation	– 85	90

Would life expectancy increase by one year, the defined benefit obligation would increase by CHF 71 million.

Defined contribution post-employment plans. In 2015, CHF 21 million were charged to the income statements as contributions to defined contribution plans (2014: CHF 23 million).

In Germany, approximately 4 900 Clariant employees are insured in a defined benefit plan which is a multi-employer plan and as such is accounted for as a defined contribution plan. The reason for this accounting practice is that the plan exposes the participating Clariant companies to actuarial risks associated with the current and former employees of other companies which are members of the same pension plan. There is no consistent or reliable basis for allocating the obligation, plan assets and costs to individual companies participating in the plan.

Based on the statutory actuarial calculation of 2015, the pension fund's obligations are fully funded. Also for 2016, it is anticipated that the pension plan liabilities are covered by the respective assets.

In case the multi-employer plan faces a situation where the pension plan liabilities exceed the assets, this can be remedied either by increasing the employer's contributions to the pension plan or by reducing the benefits paid out to the entitled parties. In the case of a reduction of the benefits this must be compensated by the employer according to German legislation.

In the case where the pension plan were unwound the remaining funds would be distributed among the plan members. In case there are no plan members left, the remaining funds would be transferred to social institutions. If Clariant withdrew from the pension fund, all rights and obligations of the employer against the pension plan would remain in force as long as the pension plan continues to render pension services to the Group's plan members. Based on the number of plan members (active and passive) Clariant's share in the pension plan amounts to approximately 10 %.

Clariant's contribution to this pension plan amounted to CHF 15 million in 2015 (CHF 16 million in 2014) and is expected to be CHF 18 million in 2016.

The multi-employer plan originates in the pension plan scheme of the German companies of the former Hoechst group, to which a part of the activities of Clariant pertained until 1997. Several of the companies which were formerly part of the Hoechst Group continue to participate in this multi-employer plan.

in CHF m		Pension plans	Post-employment medical benefits	
	2015	2014	**2015**	2014
Clariant Group's regular and supplemental contributions (employer's contributions):				
Actual contributions in 2014		51		–
Actual contributions in 2015 (2014: estimated)	59	53	–	–
Estimated contributions in 2016	59	48	–	–
Estimated contributions in 2017	53	49	–	–
Estimated contributions in 2018	53	50	–	–
Estimated contributions in 2019	45	40	–	–
Estimated contributions in 2020	45	–	–	–
Payments to beneficiaries:				
Actual payments in 2014		–113		–4
Actual payments in 2015 (2014: estimated)	–113	–115	–5	–5
Estimated payments in 2016	–112	–110	–5	–5
Estimated payments in 2017	–110	–113	–5	–5
Estimated payments in 2018	–113	–117	–5	–5
Estimated payments in 2019	–114	–120	–5	–5
Estimated payments in 2020	–117	–	–5	–
Allocation of defined benefit obligation to plan members (in CHF m):				
Active members	764	898	34	37
Deferred members	286	309	4	5
Retired members	1 501	1 507	43	46
Total funded and unfunded obligations at 31 December	**2 551**	**2 714**	**81**	**88**
Weighted average duration of the defined benefit obligation at the end of reporting period (in years):				
At 31 December	14.1	15.6	10.9	11.5

18. Movements in provisions

in CHF m	Environ-mental provisions	Personnel provisions	Restruct-uring provisions	Other provisions	**Total provisions 2015**	Total provisions 2014
As per 1 January	124	151	105	145	525	557
Additions	7	236	55	87	385	364
Disposals	–	–	–	–	–	– 9
Reclassified to/from held for sale	–	–	–	–	–	15
Amounts used	– 18	– 193	– 78	– 72	– 361	– 358
Unused amounts reversed	– 3	– 15	– 9	– 20	– 47	– 50
Changes due to the passage of time and changes in discount rates	3	–	–	1	4	6
Exchange rate differences	– 8	– 22	– 11	– 20	– 61	–
At 31 December	**105**	**157**	**62**	**121**	**445**	**525**
Of which						
– Current portion	30	142	44	72	288	315
– Non-current portion	75	15	18	49	157	210
Total provisions	**105**	**157**	**62**	**121**	**445**	**525**
Expected outflow of resources						
Within 1 year	30	142	44	72	288	315
Between 1 and 3 years	27	6	15	33	81	101
Between 3 and 5 years	10	2	3	4	19	22
Over 5 years	38	7	–	12	57	87
Total provisions	**105**	**157**	**62**	**121**	**445**	**525**

Environmental provisions. Provisions for environmental liabilities are made when there is a legal or constructive obligation for the Group which will result in an outflow of economic resources. It is difficult to estimate the action required by Clariant in the future to correct the effects on the environment of prior disposal or release of chemical substances by Clariant or other parties and the associated costs, pursuant to environmental laws and regulations.

The material components of the environmental provisions consist of the costs to fully clean and refurbish contaminated sites and to treat and contain contamination at sites where the environmental exposure is less severe. The Group's future remediation expenses are affected by a number of uncertainties which include, but are not limited to, the method and extent of remediation and the percentage of material attributable to Clariant at the remediation sites relative to that attributable to other parties.

The environmental provisions reported in the balance sheet concern a number of different obligations, mainly in Switzerland, the United States, Germany, Brazil and Italy.

Provisions are made for remedial work where there is an obligation to remedy environmental damage, as well as for containment work where required by environmental regulations. All provisions relate to environmental liabilities arising in connection with activities that occurred prior to the date when Clariant took control of the relevant site. At each balance sheet date, Clariant critically reviews all provisions and makes adjustments where required.

Personnel provisions. Personnel provisions include holiday entitlements, compensated absences such as sabbatical leave, jubilee, annual leave or other long-service benefits, profit sharing and bonuses. Such provisions are established in proportion to the services rendered by the employee concerned.

Restructuring provisions. Restructuring provisions are established where there is a legal or constructive obligation for the Group that will result in the outflow of economic resources. The term restructuring refers to the activities that have as a consequence staff redundancies and the shutdown of production lines or entire sites.

When the Group has approved a formal plan and has either started to implement the plan or announced its main features to the public, a restructuring provision is created. The restructuring provisions newly added in 2015 concern site closures and headcount reductions in various countries with the largest amounts incurred in Germany and Switzerland.

For further information regarding restructuring measures refer to note 25.

Other provisions. Other provisions include provisions for obligations relating to tax (other than income tax) and legal cases and other items in various countries for which the amount can be reliably estimated.

All non-current provisions are discounted to reflect the time value of money where material. Discount rates reflect current market assessments of the time value of money and the risk specific to the provisions in the respective countries.

19. Trade and other payables

in CHF m	**31.12.2015**	31.12.2014
Trade payables	670	704
Payables to associates and joint ventures	48	56
Accruals	253	236
Other payables	122	159
Total trade and other payables	**1093**	**1155**
Reclassified to held for sale	–	– 8
Total as reported in the balance sheet	**1093**	**1147**

The amount recognized for trade payables is equal to their fair value.

20. Current financial debts

in CHF m	**31.12.2015**	31.12.2014
Banks and other financial institutions	260	230
Current portion of non-current financial debts (see note 16)	134	200
Total	**394**	**430**
Breakdown by maturity:		
in CHF m	**31.12.2015**	31.12.2014
Up to three months after the balance sheet date	203	179
Three to six months after the balance sheet date	150	5
Six to twelve months after the balance sheet date	41	246
Total	**394**	**430**

Current financial debt is recognized initially at fair value, net of transaction costs incurred. Financial debt is subsequently stated at amortized cost. Except for the derivatives, there are no current financial liabilities valued at fair value through profit and loss.

A Certificate of Indebtedness, issued in 2011 with a nominal value of EUR 123 million and a book value of CHF 134 million per end 2015, will fall due in 2016 and as a consequence was reclassified to current financial debt.

A domestic bond with a nominal value of CHF 200 million, reported as current portion of non-current financial debts in 2014, reached maturity in December 2015 and was repaid.

The fair value of financial debt at banks and other financial institutions approximates its carrying amount due to the short-term nature of these instruments.

21. Segment information

Clariant has grouped its activities into four Business Areas (reportable segments): Care Chemicals (BU ICS), Catalysis (BU Catalysts), Natural Resources (BU Oil & Mining Services, BU Functional Minerals) and Plastics & Coatings (BU Additives, BU Masterbatches, BU Pigments). The Energy Storage business which pertained to the BA Catalysis was sold in 2015.

Intersegment transactions are entered into under the normal circumstances and terms and conditions that would also be available to unrelated third parties.

Segment assets consist of property, plant and equipment, goodwill, intangible assets, inventories, receivables and investments in associates. They exclude deferred tax assets, financial assets and operating cash. Segment liabilities comprise trade payables. They exclude items such as tax liabilities, provisions, pension liabilities and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangibles.

In the context of the rearrangement of its portfolio of business activities, Clariant disposed the Leather Services business as per 30 April 2014. For these reasons, up to the transaction closing date, this business was reported as discontinued operations in the financial report.

On 28 February 2015, Clariant sold its Energy Storage Activities pertaining to the Business Area Catalysis to the UK-based Johnson Matthey. Therefore, the related assets and liabilities are reported as held for sale at the end of 2014.

SEGMENTS

in CHF m

	Care Chemicals		Catalysis		Natural Resources	
	2015	2014	**2015**	2014	**2015**	2014
Segment sales	1 446	1 514	704	729	1 219	1 300
Sales to other segments	– 1	– 3	–		– 2	– 3
Total sales	**1 445**	**1 511**	**704**	**729**	**1 217**	**1 297**
Operating expenses	– 1 225	– 1 302	– 565	– 646	– 1 044	– 1 234
Thereof:						
Income from associates and joint ventures	9	9	18	17	9	3
Gain from disposals not qualifying as discontinued operations	–		12		3	5
Restructuring, impairment and transaction-related costs	– 6	– 2	–	– 30	– 1	– 96
Operating income	**220**	**209**	**139**	**83**	**173**	**63**
Net financial expenses and taxes						
Net result from continuing operations						
Result from discontinued operations						
Net income						
Segment assets	982	1 014	1 631	1 627	872	997
Segment liabilities	– 200	– 224	– 123	– 107	– 109	– 135
Net operating assets	**782**	**790**	**1 508**	**1 520**	**763**	**862**
Net assets held for sale	**–**	**–**	**–**	**62**	**–**	**–**
Corporate assets without cash						
Corporate liabilities without financial liabilities						
Net debt [2]						
Total net assets	**782**	**790**	**1 508**	**1 582**	**763**	**862**
Thereof:						
Investments in PPE and intangibles for the period	97	90	148	49	33	38
Investments in associates and joint ventures at the end of the period	57	59	187	200	15	19
Reconciliation of key figures						
Operating income	220	209	139	83	173	63
Add: systematic depreciation of PPE	42	44	33	38	24	26
Add: impairment	–	–	–	30	–	87
Add: amortization of intangible assets	4	4	17	20	11	11
EBITDA [1]	**266**	**257**	**189**	**171**	**208**	**187**
Add: restructuring, impairment and transaction-related costs	6	2	–	30	1	96
Less: impairment (reported under restructuring and impairment)	–	–	–	– 30	–	– 87
Less: gain from disposals not qualifying as discontinued operations	–	–	– 12	–	– 3	– 5
EBITDA before exceptional items	**272**	**259**	**177**	**171**	**206**	**191**
Operating income	220	209	139	83	173	63
Add: restructuring, impairment and transaction-related costs	6	2	–	30	1	96
Less: gain from disposals not qualifying as discontinued operations	–	–	– 12	–	– 3	– 5
Operating income before exceptional items	**226**	**211**	**127**	**113**	**171**	**154**

[1] EBITDA is earning before interest, tax, depreciation and amortization.

	Plastics & Coatings		Total segments		Corporate		Total Group	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	2 458	2 599	5 827	6 142		–	5 827	6 142
	– 17	– 20	– 20	– 26		–	– 20	– 26
	2 441	**2 579**	**5 807**	**6 116**	**–**	**–**	**5 807**	**6 116**
	– 2 230	– 2 314	– 5 064	– 5 496	– 247	– 95	– 5 311	– 5 591
	30	35	66	64	11	11	77	75
	–		15	5	–	163	15	168
	– 23	– 10	– 30	– 138	– 85	– 90	– 115	– 228
	211	**265**	**743**	**620**	**– 247**	**– 95**	**496**	**525**
							– 269	– 290
							227	**235**
							12	– 18
							239	**217**
	1 700	1 889	5 185	5 527			5 185	5 527
	– 228	– 226	– 660	– 692			– 660	– 692
	1 472	**1 663**	**4 525**	**4 835**	**–**	**–**	**4 525**	**4 835**
	2	**2**	**2**	**64**	**–**	**– 2**	**2**	**62**
					1 333	1 388	1 333	1 388
					– 2 054	– 2 289	– 2 054	– 2 289
					– 1 312	– 1 263	– 1 312	– 1 263
	1 474	**1 665**	**4 527**	**4 899**	**– 2 033**	**– 2 166**	**2 494**	**2 733**
	78	79	356	256	45	65	401	321
	143	165	402	443	184	192	586	635
	211	265	743	620	– 247	– 95	496	525
	68	74	167	182	36	39	203	221
	13	–	13	117	1	– 1	14	116
	11	11	43	46	11	15	54	61
	303	**350**	**966**	**965**	**– 199**	**– 42**	**767**	**923**
	23	10	30	138	85	90	115	228
	– 13	–	– 13	– 117	– 1	1	– 14	– 116
	–	–	– 15	– 5	–	– 163	– 15	– 168
	313	**360**	**968**	**981**	**– 115**	**– 114**	**853**	**867**
	211	265	743	620	– 247	– 95	496	525
	23	10	30	138	85	90	115	228
	–	–	– 15	– 5	–	– 163	– 15	– 168
	234	**275**	**758**	**753**	**-162**	**-168**	**596**	**585**

[2]

Calculation of net debt in CHF m	**31.12.2015**	31.12.2014
Non-current financial debt	1 859	1 761
Add: current financial debt	394	430
Less: cash and cash equivalents	– 789	– 748
Less: Near-cash assets	– 152	– 180
Net debt	**1 312**	**1 263**

Reconciliation of segment assets to total assets in CHF m	**31.12.2015**	31.12.2014
Segment assets	5 185	5 527
Segment assets reported as assets held for sale	2	66
Corporate assets reported as assets held for sale	–	6
Corporate assets without cash	1 333	1 388
Cash	789	748
Near-cash assets	152	180
Total Assets	**7 461**	**7 915**

GEOGRAPHIC INFORMATION

in CHF m	Sales [1]		Non-current assets [2]	
	2015	2014	**31.12.2015**	31.12.2014
EMEA	2 336	2 693	2 484	2 802
of which Germany	*654*	*809*	*1 559*	*1 968*
of which Switzerland	*38*	*50*	*574*	*459*
of which MEA	*405*	*461*	*71*	*83*
North America	1 077	1 006	893	805
of which USA	*981*	*902*	*872*	*779*
Latin America	1 021	984	224	268
of which Brazil	*336*	*405*	*110*	*138*
Asia/Pacific	1 373	1 433	495	395
of which China	*450*	*519*	*217*	*182*
of which India	*159*	*141*	*63*	*62*
Total	**5 807**	**6 116**	**4 096**	**4 270**

[1] Allocated by region of third-party sale's destination.
[2] Non-current assets exclude deferred tax assets and pension plan assets.

All of the Group's segments generate their revenues to the largest extent from the sale of products. These come in such a great variety that a meaningful grouping below the segment information is not possible. The amounts reported for sales cover only continuing operations for both years.

For a description of the Business Units see note 1.23.

22. Discontinued operations

On 1 January 2014, Clariant sold its Detergents & Intermediates business to the Luxembourg-based International Chemical Investors Group (ICIG). The final total consideration of the sale amounts to CHF 23 million split between cash proceeds of CHF 18 million and vendor loan of CHF 5 million and the after-tax loss realized in 2014 on the transaction amounts to CHF 23 million.

On 30 April 2014, Clariant sold its Leather Services business to Stahl Holdings B.V., a Dutch company majority owned by Wendel Group. In the transaction, Clariant received 23 % of the shares of Stahl and a cash consideration of CHF 89 million. The disposal loss after tax amounts to CHF 5 million.

The Business Units concerned by these transactions were reported as discontinued operations in the financial reports of 2014 and 2015 after their reclassification to assets held for sale in the balance sheet at the end of 2013.

DISCONTINUED OPERATIONS

in CHF m	Total discontinued operations[1]	
	2015	2014
Sales	–	98
Operating expenses	–	– 83
Restructuring and impairment	15	– 8
Operating result	**15**	**7**
Financial result and taxes	– 1	– 5
Result from discontinued operations after taxes	**14**	**2**
Loss on the disposal of discontinued operations	– 2	– 15
Taxes (current and deferred)	–	– 5
Net result from discontinued operations	**12**	**– 18**
Operating cash flows	–	– 19
thereof: payments for restructuring	–	*– 2*
Investing cash flows	–	130
thereof: net proceeds from the disposal of discontinued operations	–	*132*
Total cash flow	**–**	**111**
Cash flow from disposals:		
Gross proceeds	–	348
Less cash and cash equivalents transferred	–	– 10
Less equity investment	–	– 187
Less outstanding amounts[2]	–	– 19
Net proceeds from disposal	**–**	**132**

[1] Activities sold in 2014 comprise the Business Units Detergents & Intermediates (sold on 1 January 2014) and Leather Services (sold on 30 April 2014)

[2] Of the amount outstanding at the end of 2014, an amount of CHF 14 million was offset against claims made by the purchasers. The remaining amount of CHF 5 million is still outstanding at the end of 2015.

In 2015, Clariant recorded a net profit of CHF 12 million from discontinued operations, mainly resulting from the reversal of provisions that had been set up in the context of the disposal transactions realized by Clariant over the last three years, partially offset by a negative price adjustment on the sale of the Leather Services business of CHF 2 million.

The result of the disposal of discontinued operations in 2014 is as follows:

in CHF m	**2014**
Total cash proceeds received as of 31 December 2014	142
Outstanding amounts	19
Equity investment	187
Total consideration for the sale	**348**
Net assets sold including disposal-related expenses and cumulated amounts in equity pertaining to the disposal group which were recycled through income statement upon disposal	– 363
Loss on the disposal of discontinued operations before taxes	**– 15**
Taxes (current and deferred)	– 5
After tax loss on disposal	**– 20**

23. Disposals

Activities not qualifying as discontinued operations

In this section, disposals of subsidiaries, associates and activities are reported that do not qualify as discontinued operations in the sense of IFRS 5. The following disposals took place in 2015 and 2014:

On 28 February 2015 Clariant sold its Energy Storage Activities pertaining to the Business Area Catalysis & Energy to the UK-based Johnson Matthey for a total consideration of CHF 73 million. After the impairment charge of CHF 30 million recorded in 2014, the pertaining net assets sold, including the costs of disposal, amounted to CHF 62 million. The net result recorded on the transaction in 2015 amounts to a profit of CHF 12 million, net of taxes of CHF 1 million.

On 30 June 2014, Clariant and Ashland Inc. sold their German headquartered joint venture ASK Chemicals to Rhône Group LLC, a London- and New York-based private equity investment firm. The selling price of CHF 180 million, out of which CHF 155 million in cash and CHF 25 million as vendor loan, was evenly split between Clariant and Ashland at the closing date. The devaluation of the 50 % participation to the agreed selling price resulted in a CHF 84 million impairment charge in the first quarter of 2014. After impairment, the net profit realized on the disposal by Clariant amounted to CHF 6 million in 2014. In 2015, Clariant recorded an income of CHF 3 million coming from a pre-disposal tax reimbursement received.

On 30 June 2014, Clariant sold its Water Treatment Business Line, which was part of the Business Unit Functional Minerals, reported in the Business Area Natural Resources. The final cash proceeds received amount to CHF 34 million and the realized profit amounts to CHF 6 million after tax.

The result of the disposal of activities not qualifying as discontinued operations is as follows:

in CHF m	2015
Total consideration received, from the disposal of activities not qualifying as discontinued operations, as of 31 December 2015	78
Cash transferred in the transaction	– 4
Total cash proceeds received from the disposal of activities not qualifying as discontinued operations	**74**
Net assets sold, after impairment, including disposal-related expenses and accumulated amounts in equity recycled through the income statement upon disposal	– 59
Profit before taxes on the disposal of activities not qualifying as discontinued operations	**15**
Taxes (current and deferred)	– 1
After tax profit on disposal	**14**

in CHF m	2014
Total cash proceeds received, from the disposal of activities not qualifying as discontinued operations, as of 31 December 2014	112
Total cash proceeds received, from the sale of land in India, as per 31 December 2014, reported under sale of PPE and intangible assets in the cash flow statement	173
Outstanding amounts	9
Total consideration for the sale	**294**
Net assets sold, after impairment, including disposal-related expenses and cumulated amounts in equity pertaining to the disposal group which were recycled through the income statement upon disposal	– 126
Fair value valuation	
Profit before taxes on the disposal of activities not qualifying as discontinued operations	**168**
Taxes (current and deferred)	– 27
After tax profit on disposal	**141**

Other assets held for sale

An amount of CHF 2 million relates to other assets held for sale in Italy and in China (2014: CHF 5 million).

In December 2014, Clariant sold a plot of land in India, realizing a profit of CHF 163 million before taxes. After tax, the realized gain recorded in 2014 amounted to CHF 129 million.

24. Acquisitions

Acquisition of the remaining shares of Companhia Brasileira de Bentonita

On 1 July 2015 Clariant acquired the remaining 50 % shares of Companhia Brasileira de Bentonita (CBB) from the Brazilian-based company Geosol. This transaction was treated as a two step acquisition. Therefore, according to IFRS 3, the 50 % shares already held were remeasured to fair value which resulted in a CHF 4 million gain recorded as »income from associates and joint ventures« in the income statement.

The acquisition of the remaining 50 % shares for an amount of CHF 5 million paid in cash resulted in a gain on a bargain purchase in the amount of CHF 3 million, mainly from the remeasurement of mining rights, which was recognized in the income statement.

Acquisition of the de-icing activities from Kilfrost Ltd

On 30 September 2015 Clariant acquired from the British-based Kilfrost Ltd the de-icing activities in the United States, China and Korea, consisting mainly of customer relationships, know-how and inventories. Total consideration paid in cash was CHF 10 million and the provisional goodwill determined amounts to CHF 3 million.

Various smaller acquisitions were made in 2015 totalling a purchase price of CHF 7 million and generating a goodwill of CHF 1 million.

Acquisition of Plastichemix Industries in India

In April 2014, Clariant acquired Plastichemix Industries, a masterbatch business in India, for a consideration of CHF 19 million mainly attributed to property, plant and equipment. The goodwill realised on that transaction amounted to CHF 5 million.

Acquisition of Aerochem in Scandinavia

In September 2014, Clariant acquired Aerochem, a Swedish- and Norwegian-based group, active in the de-icing and anti-icing fluids business. The purchase price mainly attributed to inventories amounts to CHF 15 million and the goodwill amounted to CHF 3 million.

Acquisition of VitaPac in China

In December 2014, Clariant acquired the Hong-Kong-based VitaPac, a specialist for healthcare packaging for a consideration of CHF 7 million and a goodwill of CHF 1.4 million. The acquisition complements the Medical Specialties Business Line of Clariant.

The impact from these acquisitions was not material to the result of the Group in 2015 and 2014.

25. Restructuring, impairment and transaction-related costs

in CHF m	2015	2014
Restructuring expenses	**51**	**96**
Payments for restructuring	78	89
Impairment loss	**14**	**116**
thereof charged to PPE (see note 5)	*2*	*4*
thereof charged to intangible assets (see note 6)	*11*	*28*
thereof charged to investments in associates and joint ventures (see note 7)	*1*	*84*
Transaction-related costs	**35**	**24**
Total restructuring, impairment and transaction-related costs	**100**	**236**
thereof reported under discontinued operations (see note 22)	15	– 8
Total continuing operations	**115**	**228**

In order to increase profitability over a sustained period, Clariant implements measures designed to improve the Group's performance. The aim of these efforts is to increase the Group's operating result and to reduce net working capital. The changes made to the processes and structures result in a loss of jobs across the Group.

Restructuring. In 2015, Clariant recorded expenses for restructuring in the amount of CHF 51 million (2014: CHF 96 million). This concerned restructuring measures mainly in Switzerland and Germany.

Impairment. The impairment loss recognized in 2015 relates to disposal projects. In 2014, Clariant recorded an impairment loss of CHF 30 million on its Energy Storage activities and an impairment loss of CHF 84 million on its ASK joint venture participation. Both were sold subsequently (see note 23).

Transaction-related costs comprise expenses incurred in connection with acquisition or disposal projects and also costs incurred in connection with the implementation of internal reorganizational measures, such as the currently ongoing project of setting up the Business Area Plastics & Coatings as a sub-group. Costs incurred totalled CHF 35 million for 2015.

26. Finance income and costs

FINANCE INCOME

in CHF m	**2015**	2014
Interest income	11	11
thereof interest on loans, receivables and deposits	*11*	*7*
thereof interest from derivative financial instruments	*–*	*4*
Other financial income	3	3
Total finance income	**14**	**14**

FINANCE COSTS

in CHF m	**2015**	2014
Interest expense	– 104	– 129
thereof effect of discounting of non-current provisions	*– 4*	*– 6*
thereof interest component of pension provisions	*– 18*	*– 23*
Other financial expenses	– 10	– 8
Currency result, net	– 96	– 25
Total finance costs	**– 210**	**– 162**
thereof reported under discontinued operations	–	2
Total continuing operations	**– 210**	**– 160**

Other financial expenses include bank charges and miscellaneous financial expenses.

In 2015 and 2014, no foreign exchange gains pertaining to the ineffective part of hedges on net investments were recognized in the income statement.

Interest expense, other than the effect of discounting of non-current provisions and the interest component of pension provisions, pertain to financial debts measured at amortized cost.

Interest costs capitalized on qualifying assets for 2015 were CHF 1 million (2014: CHF 1 million).

27. Earnings per share (EPS)

Earnings per share are calculated by dividing the Group net income by the average number of outstanding shares (issued shares less treasury shares).

	2015	2014
Net income attributable to shareholders of Clariant Ltd undiluted and diluted (CHF m)		
Continuing operations	217	175
Discontinued operations	12	– 23
Total	**229**	**152**
Weighted average number of shares outstanding		
As per 1 January	319 689 210	312 611 085
Effect of transactions with treasury shares on weighted average number of shares outstanding	2 513 635	7 078 125
Weighted average number of shares outstanding at 31 December	**322 202 845**	**319 689 210**
Adjustment for granted Clariant shares	2 089 675	2 120 278
Adjustment for dilutive share options	90 692	145 410
Weighted average diluted number of shares outstanding at 31 December	**324 383 212**	**321 954 898**
Basic earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	0.67	0.55
Discontinued operations	0.04	– 0.07
Total	**0.71**	**0.48**
Diluted earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	0.67	0.54
Discontinued operations	0.04	– 0.07
Total	**0.71**	**0.47**

The dilution effect is triggered by two different items. One is the effect of Clariant shares granted as part of the share-based payment plan, which have not yet vested. To calculate this dilutive potential it is assumed that they had vested on 1 January of the respective period.

The second item is the effect of options granted as part of the share-based payment plan, which have not yet vested. To calculate this dilutive potential, it is assumed that all options which were in the money at the end of the respective period had been exercised on 1 January of the same period. The effect of the services still to be rendered during the vesting period were taken into consideration. Diluted earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

In 2015, a payout of CHF 0.40 per share was made out of the capital contribution reserves (see note 15).

28. Derivative financial instruments

Risk management (hedging) instruments and off-balance sheet risks. Clariant uses forward foreign exchange rate and option contracts, currency options as well as other financial instruments to hedge the Group's risk exposure to volatility in interest rates, currencies and prices and to manage the return on cash and cash equivalents. Risk exposures from existing assets and liabilities as well as anticipated transactions are managed centrally.

Interest rate management. It is the Group's policy to manage the costs of interest using fixed and variable rate debt and interest-related derivatives.

Foreign exchange management. To manage the exposure to the fluctuations in foreign currency exchange rates, the Group follows a strategy of hedging both balance sheet and revenue risk, partially through the use of forward contracts and currency swaps in various currencies. In order to contain costs, the Group does not hedge the entire exposure.

The following tables show the contract or underlying principal amounts and the respective fair value of derivative financial instruments by type at year-end.

The contract or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent the amount at risk.

DERIVATIVE FINANCIAL INSTRUMENTS

in CHF m	Contract or underlying principal amount		Positive fair values		Negative fair values	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Currency related instruments						
Forward foreign exchange rate contracts	76	62	2	–	– 1	– 2
Currency options	20	40	–	–	–	–
Total derivative financial instruments	**96**	**102**	**2**	**–**	**– 1**	**– 2**

The fair value of these derivative financial instruments is recorded in Other current assets in the balance sheet in the case of a positive value or as Current financial debts in the case of a negative value and if the instruments expire within the next twelve months.

DERIVATIVE FINANCIAL INSTRUMENTS BY MATURITY

in CHF m	**31.12.2015**	31.12.2014
Breakdown by maturity:		
Up to one month after the balance sheet date	44	65
More than one and up to three months after the balance sheet date	48	37
More than three and up to twelve months after the balance sheet date	4	–
Total derivative financial instruments	**96**	**102**

If the remaining lifetime exceeds twelve months, the value is recorded in Financial assets in case it is positive and in Non-current financial debts in case it is negative.

DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY

in CHF m	**31.12.2015**	31.12.2014
USD	95	99
EUR	1	1
JPY	–	2
Total derivative financial instruments	**96**	**102**

FINANCIAL INSTRUMENTS EFFECTIVE FOR HEDGE-ACCOUNTING PURPOSES

in CHF m	**31.12.2015**	31.12.2014
Borrowings denominated in foreign currencies	– 998	– 747

On 24 January 2012, Clariant issued a bond in the amount of EUR 500 million (see note 16), which on 1 June 2012 was designated as a hedge of a net investment in some of Clariant's European subsidiaries. The unrealized foreign exchange rate gain resulting from the translation of the bond into Swiss francs amounting to CHF 60 million for 2015 (2014: CHF 12 million loss) is recorded in the cumulative translation difference in shareholders' equity.

In October 2011, Clariant issued a certificate of indebtedness amounting to EUR 123 million (see note 20), which was designated as a hedge of a net investment in some of Clariant's European subsidiaries. In April 2015, four new certificates of indebtedness amounting to EUR 300 million (see note 16) were issued by Clariant and designated as a hedge of net investment in some of Clariant's European subsidiaries, whereas the certificate of indebtedness issued in October 2011 was de-designated at the same time. The unrealized foreign exchange rate loss resulting from the translation of the new certificates of indebtedness into Swiss francs amounted to CHF 15 million for 2015 and is recorded in the cumulative translation difference in shareholders' equity. The unrealized foreign exchange rate gain resulting from the translation of the older certificate of indebtedness into Swiss francs as per de-designation date amounted to CHF 21 Mio for 2015 (2014: CHF 3 million gain) and is frozen in the cumulative translation difference in shareholder's equity.

29. Employee participation plans

Under the Group Senior Management – Long Term Incentive Plan (GSM-LTIP) a certain percentage of the actual bonus is granted to the plan participants in the form of registered shares of Clariant Ltd (investment shares). These shares vest immediately upon grant, but are subject to a 3-year blocking period. The plan participants receive an additional share free of cost (matching share) for each investment share held at the end of the blocking period.

These shares were granted for the first time in 2011, based on the performance achieved in the base year 2010. Similar plans were launched in all subsequent years. The number of shares not yet vested and thus disclosed are the matching shares already granted.

The options granted under the Clariant Executive Stock Option Plan (CESOP) established in 1999 entitle the holder to acquire registered shares of Clariant Ltd (one share per option) at a predetermined strike price. They become vested and are exercisable after three years and expire after ten years. This stock option plan expired at the end of 2015.

In April 2008, Clariant established a stock option plan for members of management and the Board of Directors. Options granted under this plan entitle the holder to acquire registered shares of Clariant Ltd (one share per option) at a predetermined strike price. Clariant contracted a third-party bank to issue tradable options to the plan participants in accordance with the rules of the plan. The plan participants can sell the options back to this bank after they have vested. The bank in return has the right to claim a share from Clariant at the pre-determined strike price for each option that is sold to it by plan participants. The options become vested and are exercisable after two years and expire after five years.

The last grant of the stock option plan to members of Management and the Board of Directors took place in April 2012.

The Restricted Plan for members of the Board of Directors replacing the Option Plan had its first grant date in early 2014.

For the first time in 2013, the Performance Share Unit (PSU) Plan was introduced for all senior managers to replace the former Tradable Option Plan. The term of Clariant's Performance Share Unit Plan is a three-year vesting period. The vesting is conditional upon achievement of the performance targets at the end of the vesting period. If the performance targets are achieved, each PSU will be converted into one Clariant share.

A new grant took place on 16 September 2015. The review of the target achievements (vesting criteria) for this plan will be held in summer 2018 and vesting is scheduled to take place in September 2018.

The expense recorded in the income statement spreads the costs of each grant over the measurement period and the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for the vested amounts.

During 2015, CHF 15 million (2014: CHF 15 million) were charged to the income statement for equity-settled share-based payments exclusively.

As of 31 December 2015, the total carrying value of liabilities arising from equity-settled share-based payments, entirely recognized in equity, is CHF 29 million (2014: CHF 24 million).

OPTIONS FOR BOARD OF DIRECTORS (NON-EXECUTIVE MEMBERS)[1]

Base year	Granted	Exercisable from	Expiry date	Exercise price	Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2010	2010	2012	2015	15.50	12.74	–	142 950
2011	2011	2013	2016	18.00	15.02	138 553	192 769
Total						**138 553**	**335 719**

[1] Past and current members.

OPTIONS FOR SENIOR MEMBERS OF MANAGEMENT AND EXECUTIVE COMMITTEE[1]

Base year	Granted	Exercisable from	Expiry date	Exercise price	Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2004	2005	2008	2015	19.85	19.85	–	146 237
Total						**–**	**146 237**

OPTIONS FOR MEMBERS OF MANAGEMENT AND EXECUTIVE COMMITTEE[1]

Base year	Granted	Exercisable from	Expiry date	Exercise price	Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2010	2010	2012	2015	15.50	12.74	–	358 300
2011	2011	2013	2016	18.00	15.02	230 775	825 217
2012	2012	2014	2017	16.50	12.59	864 343	2 711 500
Total						**1 095 118**	**3 895 017**

[1] Past and current members.

As per 31 December 2015, the weighted average remaining contractual life of all share options was 0.94 years (2014: 1.71 years).

SHARES FOR MEMBERS OF MANAGEMENT AND THE EXECUTIVE COMMITTEE

Base year	Granted	Vesting in		Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2010	2013	2015		13.81	–	50 000
2011	2012	2015		12.50	–	480 612
2012	2012	2016		9.49	32 000	32 000
2012	2013	2016		13.12	556 414	591 631
2013	2013	2016		13.74	637 242	676 092
2013	2013	2015		14.13	–	15 000
2013	2013	2016		15.61	5 000	5 000
2013	2013	2016		15.93	–	4 000
2013	2013	2015		15.88	–	10 000
2013	2014	2017		17.24	247 707	266 228
2014	2014	2017		17.35	517 000	543 297
2014	2014	2017		17.35	2 741	–
2014	2015	2018		19.71	201 060	–
2015	2015	2018		19.70	5 000	–
2015	2015	2018		17.39	13 813	–
2015	2015	2018		19.08	3 000	–
2015	2015	2018		19.10	464 926	–
Total					**2 685 903**	**2 673 860**

	Weighted average exercise price	**Options 2015**	**Shares 2015**	Weighted average exercise price	Options 2014	Shares 2014
Shares/options outstanding at 1 January	16.85	4 376 973	2 673 860	16.65	8 993 833	2 373 641
Granted			967 522			1 188 771
Exercised/distributed*	19.21	– 2 997 065	– 814 480	17.66	– 4 489 935	– 736 475
Cancelled/forfeited		– 146 237	– 140 999		– 126 925	– 152 077
Outstanding at 31 December	**16.95**	**1 233 671**	**2 685 903**	**16.85**	**4 376 973**	**2 673 860**
Exercisable at 31 December	16.95	1 233 671		16.85	4 376 973	
Fair value of shares/options outstanding in CHF		3 201 355	51 059 007		6 975 845	44 706 939

* Options exercised/distributed include 2 267 276 options (2014: 2 943 344) pertaining to the 2010, 2011 and 2012 Option Plans, which were sold by the plan participants in the market and are currently held by third parties. Total outstanding options of these plans sold in the market at 31 December 2015 are 4 723 048 (31 December 2014: 4 533 422) with a fair value at 31 December 2015 of 12 141 634 (31 December 2014: 7 052 197).

The fair value of shares granted during 2015 is CHF 19 million (2014: CHF 20 million) calculated based on market value of shares at grant date.

No options were granted in 2015 and 2014.

30. Personnel expenses

in CHF m	**2015**	**2014**
Wages and salaries	– 1 036	– 1 056
Social welfare costs	– 255	– 339
Shares and options granted to directors and employees	– 15	– 15
Pension costs – defined contribution plans	– 21	– 23
Pension costs – defined benefit plans	– 17	– 38
Other post-employment benefits	– 1	13
Total personnel expenses	**– 1 345**	**– 1 458**
thereof reported under discontinued operations	–	23
Total personnel expenses continuing operations	**– 1 345**	**– 1 435**

31. Related party transactions

Clariant maintains business relationships with related parties. One group consists of the associates and joint ventures, where the most important ones are described in note 7. The most important business with these companies is the purchase of services by Clariant (e.g. energy and rental of land and buildings) in Germany, the rendering of services to the Stahl group following the disposal of the Leather Business and the rendering of services to Global Amines.

The second group of related parties is key management comprising the Board of Directors and the Executive Committee. The information required by the ordinance against excessive compensation in stock exchange listed companies regarding the emoluments for the members of the Board of Directors and the Executive Committee is disclosed in the Compensation Report on pages 130 to 144 of this report. More information on the relationship with the Board of Directors is given in the chapter **Corporate Governance** (non-audited).

The third group of related parties are the pension plans of major subsidiaries. Clariant provides services to its pension plans in Switzerland, the United Kingdom, and the United States. These services comprise mainly administrative and trustee services. The total costs in 2015 of these services is CHF 1 million (2014: CHF 1 million), of which approximately half is charged back to the pension plans. The number of full-time employees corresponding to these is approximately five (2014: approximately five).

TRANSACTIONS WITH RELATED PARTIES

in CHF m	2015	2014
Income from the sale of goods to related parties	36	52
thereof to joint ventures	*2*	*12*
thereof to associates	*34*	*40*
Income from the rendering of services to related parties	50	54
thereof to joint ventures	*–*	*22*
thereof to associates	*50*	*32*
Expenses from the purchase of goods from related parties	– 114	– 128
thereof from joint ventures	*– 13*	*– 36*
thereof from associates	*– 101*	*– 92*
Expenses from services rendered by related parties	– 205	– 235
thereof by joint ventures	*–*	*– 23*
thereof by associates	*– 205*	*– 212*
Expenses from the purchase of property, plant and equipment from related parties	– 5	– 5
thereof from associates	*– 5*	*– 5*
Expense from lease contracts with related parties	– 7	– 8
thereof with associates	*– 7*	*– 8*

PAYABLES AND RECEIVABLES WITH RELATED PARTIES

in CHF m	31.12.2015	12.31.2014
Receivables from related parties	13	20
thereof from joint ventures	*2*	*6*
thereof from associates	*11*	*14*
Payables to related parties	48	56
thereof to joint ventures	*3*	*9*
thereof to associates	*45*	*47*
Loans to related parties	67	59
thereof to joint ventures	*–*	*35*
thereof to associates	*67*	*24*
Guarantees to third parties on behalf of related parties [1]	75	109
thereof on behalf of joint ventures	*75*	*109*

[1] The guarantee extended on behalf of a related party concerns a bank loan to a US joint venture.

TRANSACTIONS WITH KEY MANAGEMENT

in CHF m	2015	2014
Salaries and other short-term benefits	10	9
Post-employment benefits	3	3
Share-based payments	3	4
Total	**16**	**16**

There are no outstanding loans by the Group to any members of the Board of Directors or Executive Committee.

32. Commitments and contingencies

Leasing commitments. The Group leases land, buildings, machinery and equipment, furniture and vehicles under fixed-term agreements. The leases have varying terms, escalation clauses and renewal rights.

Commitments arising from fixed-term operating leases mainly concern buildings in Switzerland and Germany. The most important partners for operating leases of buildings in Germany are the Infraserv companies. There exist no particular renewal options other than annual prolongations in case there is no explicit termination of the lease contract.

Expected expenses for operating leases breakdown by maturities as follows:

in CHF m	**31.12.2015**	31.12.2014
2015	–	44
2016	44	29
2017	30	21
2018	21	16
2019	16	13
2020	12	–
Thereafter	30	32
Total	**153**	**155**

Expenses for operating leases were CHF 73 million in 2015 (2014: CHF 66 million).

Guarantees. No guarantees on behalf of third parties were issued in 2015 and 2014.

Purchase commitments. In the regular course of business, Clariant enters into relationships with suppliers whereby the Group commits itself to purchase certain minimum quantities of materials in order to benefit from better pricing conditions. These commitments are not in excess of current market prices and reflect normal business operations.

Clariant is engaged in contracts to buy a minimum quantity of ethylene starting in 2015 for the next years (between 4 to 10 years depending on the contract) and in two contracts to buy a minimum quantity of propylenoxid in the years 2016 – 2018. This implies a total purchase commitment of about CHF 1.35 billion (2014: CHF 1.2 billion).

Contingencies. Clariant operates in countries where political, economic, social, legal, and regulatory developments can have an impact on the operational activities. The effects of such risks on the company's results, which arise during the normal course of business, are not foreseeable and are therefore not included in the accompanying financial statements.

In the aftermath of the procedure to acquire subsequent to the acquisition of Süd-Chemie, the 1.36 % of shares still in possession of third parties (squeeze-out) at the time, several minority shareholders initiated appraisal proceedings to reassess the adequacy of the cash compensation paid to the minority shareholders. Clariant opines that the cash compensation agreed is fair and complies with all legal and economic requirements. At this time it cannot be detemined to what extent these proceedings will lead to additional financial liabilities.

In connection with the dismantlement of a waste water treatment plant in France Clariant is faced with a claim by the Swiss-based group Novartis in the amount of EUR 10 million. Clariant has the view that this claim is unfounded. The case is currently pending at court.

In India, Clariant is confronted with a demand notice from the Sales Tax Authorities. The claim may lead to obligations of up to CHF 21 million. Clariant is disputing this demand and has filed appeals. Management is confident that it will be able to produce all necessary documentation to achieve a revocation of the claim.

In the ordinary course of business, Clariant is involved in lawsuits, claims, investigations and proceedings, including product liability, intellectual property, commercial, environmental, and health and safety matters. Although the outcome of any legal proceedings cannot be predicted with certainty, Management is of the opinion that, apart from those cases where a provision has already been recognized, there are no such matters pending which would likely have any material adverse effect in relation to its business, financial position, or results of operations.

Environmental risks. Clariant is exposed to environmental liabilities and risks relating to its past operations, principally in respect of remediation costs. Provisions for non-recurring remediation costs are made when there is a legal or constructive obligation and the costs can be reliably estimated. It is difficult to estimate the action required by Clariant in the future to correct the effects on the environment of prior disposal or release of chemical substances by Clariant or other parties, and the associated costs, pursuant to environmental laws and regulations. The material components of the environmental provisions consist of costs to fully clean and refurbish contaminated sites and to treat and contain contamination at sites where the environmental exposure is less severe.

33. Exchange rates of principal currencies

Rates used to translate the consolidated balance sheets (closing rate):

	31.12.2015	31.12.2014
1 USD	0.99	0.99
1 EUR	1.08	1.20
1 BRL	0.25	0.37
1 CNY	0.15	0.16
100 INR	1.50	1.57
100 JPY	0.82	0.83

Sales-weighted average exchange rates used to translate the consolidated income statements and consolidated statements of cash flows:

	2015	2014
1 USD	0.96	0.92
1 EUR	1.07	1.21
1 BRL	0.29	0.39
1 CNY	0.15	0.15
100 INR	1.50	1.50
100 JPY	0.80	0.86

34. Important subsidiaries

Country	Company name	Currency	Share-/paid in capital (in thousands)	Participation[1] in %	Holding/ Finance/ Service	Sales	Production	Research
Argentina	Clariant (Argentina) SA, Lomas de Zamora	ARS	54 650	100.0		■	■	
Australia	Clariant (Australia) Pty. Ltd, Glen Waverley	AUD	4 402	100.0	■	■	■	
Austria	Clariant (Österreich) GmbH, Vienna	EUR	1 000	100.0		■	■	
Belgium	Clariant Masterbatches Benelux SA, Louvain-La-Neuve	EUR	9 629	100.0		■	■	
Brazil	Clariant Administração de Bens Ltda., São Paulo	BRL	7 696	100.0	■			
	Clariant S.A., São Paulo	BRL	184 863	100.0	■	■	■	■
	Companhia Brasileira de Bentonita Ltd	BRL	17 470	100.0		■	■	
British Virgin Islands	Clariant Clearwater Technologies Ltd, Tortola	USD	1	100.0	■			
	Clariant Finance (BVI) Ltd, Tortola	CHF	10	100.0	■			
Canada	Clariant (Canada) Inc., Toronto	CAD	10 415	100.0	■	■	■	■
Chile	Clariant Colorquímica (Chile) Ltda., Maipú-Santiago de Chile	CLP	14 797	100.0		■	■	
China	Clariant (China) Ltd, Hong Kong	HKD	93 250	100.0	■	■	■	
	Clariant Bohai Pigments Preparations (Tianjin) Ltd, Tianjin	CNY	49 176	90.0		■	■	■
	Clariant Catalysts (Nanjing) Ltd, Nanjing	USD	45 000	100.0		■	■	■
	Clariant Chemicals (China) Ltd, Shanghai	USD	10 000	100.0		■	■	■
	Clariant Chemicals (Guangzhou) Ltd, Guangzhou	USD	9 500	100.0		■	■	
	Clariant Chemicals (Huizhou) Ltd, Daya Bay, Huizhou	USD	27 948	100.0		■	■	
	Clariant China Holding Limited, Hong Kong	HKD	67	100.0	■			
	Clariant Huajin Catalysts (Panjin) Ltd, Panjin City	CNY	69 511	60.0		■	■	
	Clariant Masterbatches (Beijing) Ltd, Beijing	USD	1 099	100.0		■	■	
	Clariant Masterbatches (Shanghai) Ltd, Shanghai	USD	3 199	100.0		■	■	
	Clariant Redhill Bentonite (Liaoning) Ltd, Jianping	USD	3 070	100.0		■	■	
	Clariant Specialty Chemicals (Zhenjiang) Co., Ltd, Zhenjiang	USD	18 523	100.0		■	■	
	Jiangsu Süd-Chemie Chemical Materials Co., Ltd, Zhenjiang	EUR	8 000	100.0		■	■	
	Jiangsu Süd-Chemie Performance Packaging Material Co., Ltd, Changshu	EUR	1 225	100.0		■	■	
	Süd-Chemie Investment Management (Shanghai) Co., Ltd, Shanghai	USD	3 300	100.0	■			
Colombia	Clariant (Colombia) SA, Cota (Cundinamarca)	COP	2 264 786	100.0		■	■	
Finland	Clariant Masterbatches (Finland) Oy, Vantaa	EUR	169	100.0		■		
France	Clariant Masterbatches (France), Choisy-le-Roi	EUR	1 561	100.0		■	■	
	Clariant Production (France), Choisy-le-Roi	EUR	6 273	100.0			■	■
	Clariant Services (France), Choisy-le-Roi	EUR	21 200	100.0	■			
	CRM International	EUR	650	100.0		■	■	
Germany	Clariant Advanced Materials GmbH, Frankfurt a.M.	EUR	102	100.0		■	■	■
	Clariant Masterbatches (Deutschland) GmbH, Lahnstein	EUR	53	100.0		■	■	■
	Clariant Produkte (Deutschland) GmbH, Frankfurt a.M.	EUR	9 348	100.0	■	■	■	■

Country	Company name	Currency	Share-/paid in capital (in thousands)	Participation[1] in %	Holding/ Finance/ Service	Sales	Production	Research
	Clariant SE, Frankfurt a.M.	EUR	915	100.0	■	■		
	Clariant Verwaltungsgesellschaft mbH, Frankfurt a.M.	EUR	2 560	100.0	■			
	Süd-Chemie IP GmbH & Co KG, Munich	EUR	803	100.0	■			■
Great Britain	Clariant Distribution UK Limited, Yeadon, Leeds	GBP	500	100.0	■			
	Clariant Horsforth Limited, Yeadon, Leeds	GBP	12	100.0	■			
	Clariant Masterbatches UK Ltd, Yeadon, Leeds	GBP	500	100.0		■		
	Clariant Oil Services UK Ltd, Yeadon, Leeds	GBP	400	100.0		■	■	■
	Clariant Production UK Ltd, Yeadon, Leeds	GBP	500	100.0	■		■	■
	Clariant Services UK Ltd, Yeadon, Leeds	GBP	500	100.0	■			
Greece	Süd-Chemie Hellas Monoprosopi E.P.E., Adamas, Milos	EUR	555	100.0			■	
Guatemala	Clariant (Guatemala) SA, Guatemala City	GTQ	14 000	100.0		■	■	
India	Clariant Chemicals (India) Ltd, Thane	INR	230 818	64.2		■	■	
	Clariant India Private Limited, New Delhi	INR	500	100.0		■		
Indonesia	P.T. Clariant Specialties Indonesia, Tangerang	USD	500	100.0		■		
	P.T. Clariant Adsorbents Indonesia, Cileungsi, Bogor	IDR	12 375 000	100.0		■	■	
	P.T. Clariant Indonesia, Tangerang	USD	23 950	100.0	■	■	■	
Ireland	Clariant Masterbatches Ireland Limited, Naas	EUR	411	100.0		■	■	
Italy	Clariant (Italia) S.p.A., Milan	EUR	36 000	100.0	■			
	Clariant Masterbatches (Italia) S.p.A., Milan	EUR	3 000	100.0		■	■	■
	Clariant Prodotti (Italia) S.p.A., Milan	EUR	1 000	100.0		■	■	■
	Società Sarda di Bentonite S.r.l., Santa Giusta	EUR	2 050	100.0	■	■	■	
Japan	Clariant (Japan) K.K., Tokyo	JPY	450 000	100.0		■	■	■
	Clariant Catalysts (Japan) K.K., Tokyo	JPY	543 594	61.4	■	■	■	■
Korea	Clariant Industrial Minerals (Korea) Co., Ltd, Pohang, Gyeongbuk	KRW	7 067 990	100.0		■	■	
Liechtenstein	Clariant Insurance AG, Triesen	CHF	5 000	100.0	■			
Luxemburg	Clariant Finance (Luxembourg) S.A., Luxemburg	EUR	52 990	100.0	■			
Malaysia	Clariant (Malaysia) Sdn. Bhd., Kuala Lumpur	MYR	12 347	100.0		■		
	Clariant Masterbatches (Malaysia) Sdn Bhd, Petaling Jaya	MYR	2 000	60.0		■	■	
	Clariant Oil Services (Malaysia) Sdn Bhd	MYR	137	48.9		■		
Mexico	Clariant (Mexico) S.A. de C.V., Ecatepec de Morelos	MXN	23 106	100.0	■	■	■	■
	Clariant Productos Químicos S.A. de C.V., Ecatepec de Morelos	MXN	52 409	100.0	■			
Morocco	Clariant (Maroc) S.A., Casablanca	MAD	31 250	100.0		■	■	
Netherlands	Clariant Participations (The Netherlands) B.V., Maastricht	EUR	20	100.0	■			
New Zealand	Clariant (New Zealand) Ltd, Auckland	NZD	1 000	100.0	■	■	■	
Norway	Clariant Oil Services Scandinavia AS, Bergen	NOK	4 725	100.0		■	■	
Pakistan	Clariant Chemical Pakistan (Pvt) Ltd, Karachi-Korangi	PKR	1 130 226	100.0		■	■	
Peru	Clariant (Perú) SA, Lima	PEN	25 063	100.0	■	■	■	
Poland	Clariant Polska Spolka z.o.o., Zgierz	PLN	19 000	100.0		■	■	
Qatar	Clariant Qatar W.L.L., Mesaieed	QAR	60 000	65.0		■	■	

Country	Company name	Currency	Share-/paid in capital (in thousands)	Participation[1] in %	Holding/ Finance/ Service	Sales	Production	Research
Russia	Clariant (RUS) LLC, Moscow	RUB	16 200	100.0		■		
Saudi Arabia	Clariant Masterbatches (Saudi Arabia) Ltd, Riyadh	SAR	50 000	53.0		■	■	
Singapore	Clariant (Singapore) Pte. Ltd, Singapore	SGD	2 500	100.0		■	■	■
	Clariant South East Asia Pte. Ltd, Singapore	SGD	1 560	100.0	■			
South Africa	Clariant Sasol Catalysts (Proprietary) Limited, Chloorkop, Gauteng	ZAR	1 417	80.0		■	■	
	Clariant Southern Africa (Pty) Ltd. Chloorkop, Gauteng	ZAR	6	100.0	■	■	■	
Spain	Clariant Ibérica Producción S.A., El Prat de Llobregat	EUR	6 023	100.0	■	■	■	■
	Clariant Ibérica Servicios S.L., El Prat de Llobregat	EUR	358	100.0	■			
	Clariant Masterbatch Ibérica S.A., Sant Andreu de la Barca	EUR	2 524	100.0		■	■	
Sweden	Clariant Masterbatches Norden AB, Malmö	SEK	3 200	100.0		■	■	
	Aerochem AB	SEK	400	100.0				
Switzerland	Clariant Beteiligungen AG, Muttenz	CHF	100	100.0	■			
	Clariant Chemiebeteiligungen AG, Muttenz	CHF	96 929	100.0	■			
	Clariant Consulting AG, Muttenz	CHF	200	100.0	■			
	Clariant International AG, Muttenz	CHF	180 704	100.0	■	■		
	Clariant Oil Services AG	CHF	300	100.0	■			
	Clariant Produkte (Schweiz) AG, Muttenz	CHF	5 000	100.0	■		■	■
	Clariant Reinsurance AG, Muttenz	CHF	3 000	100.0	■			
	EBITO Chemiebeteiligungen AG, Muttenz	CHF	202	100.0	■			
	Infrapark Baselland AG	CHF	5 000	100.0	■			
Taiwan	Clariant Chemicals (Taiwan) Co., Ltd, Taipei	TWD	23 888	100.0		■	■	
Thailand	Clariant (Thailand) Ltd, Klongton, Bangkok	THB	400 000	100.0		■	■	
	Clariant Masterbatches (Thailand) Ltd, Chonburi	THB	325 000	100.0		■	■	■
Turkey	Clariant (Türkiye) A.S., Gebze	TRY	8 702	100.0		■	■	
UAE	Clariant (Gulf) FZE, Jebel Ali, Dubai	AED	1 000	100.0	■	■	■	
Ukraine	Clariant Ukraine LLC, Severodonetsk	UAH	28 688	100.0		■	■	
USA	Clariant Corporation, Charlotte, NC	USD	1	100.0	■	■	■	■
	Katapullt LLC, Albany, NY	USD	1	100.0				
	Octagon Process, L.L.C., Las Vegas, NV	USD	1	100.0		■	■	
Venezuela	Clariant Venezuela, S.A., Maracay	VEF	7 345	100.0		■	■	

[1] The participation in % reflects the captital- and voting rights in %.

35. Events subsequent to the balance sheet date

There were no significant events subsequent to the balance sheet date.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF CLARIANT LTD, MUTTENZ

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Clariant Ltd, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statements of cash flows and notes (pages 148 to 211), for the year ended 31 December 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable under the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Dr. Daniel Suter	Ruth Sigel
Audit expert	Audit expert
Auditor in charge	

Basel, 15 February 2016

PricewaterhouseCoopers Ltd, St. Jakobs-Strasse 25, Postfach, 4002 Basel, Switzerland
Telephone: +41 58 792 51 00, Facsimile: +41 58 792 51 10, www.pwc.ch

REVIEW OF TRENDS

Five-year Group overview

FIVE-YEAR GROUP OVERVIEW 2011 – 2015

		2015	2014	2013	2012[3] (restated)	2012	2011[2] (restated)	2011
Segment sales	CHF m	**5 827**	**6 142**	**6 113**	**6 073**	**6 073**	**5 598**	**7 413**
Change relative to preceding year								
in Swiss francs	%	– 5	1	1	8	8	–	3
in local currency	%	3	5	4	8	8	–	16
Group sales[1]	CHF m	**5 807**	**6 116**	**6 076**	**6 038**	**6 038**	**5 571**	**7 370**
Change relative to preceding year								
in Swiss francs	%	– 5	1	1	8	8	–	4
in local currency	%	3	5	4	8	8	–	16
Operating income before exceptionals	CHF m	**596**	**585**	**574**	**546**	**531**	**624**	**717**
Change relative to preceding year	%	2	2	5	– 13	– 15	–	3
as % of sales		10.3	9.6	9.4	9.0	8.8	11.2	9.7
Operating loss/income	CHF m	**496**	**525**	**470**	**411**	**396**	**432**	**507**
Change relative to preceding year	%	– 6	12	14	– 5	– 8	–	– 39
as % of sales		8.5	8.6	7.7	6.8	6.6	7.8	6.9
EBITDA	CHF m	**767**	**923**	**797**	**690**	**675**	**643**	**786**
Change relative to preceding year	%	– 17	16	16	7	5	–	22
as % of sales		13.2	15.1	13.1	11.4	11.2	11.5	10.7
EBITDA before exceptionals		**853**	**867**	**858**	**817**	**802**	**835**	**975**
Change relative to preceding year		– 2	1	5	– 2	– 4	– 7	8
as % of sales		14.7	14.2	14.1	13.5	13.3	15.0	13.2
Net income	CHF m	**239**	**217**	**5**	**228**	**238**	**251**	**251**
Change relative to preceding year	%	10	–	– 98	– 9	– 5	4.5	31
as % of sales		4.1	3.5	0.1	3.8	3.9	4.5	3.4
Investment in property, plant and equipment	CHF m	**374**	**310**	**292**	**311**	**311**	**370**	**370**
Change relative to preceding year	%	21	6	– 6	– 16	– 16	65	65
as % of sales		6	5	5	5	5	7	5
Personnel costs	CHF m	**1 345**	**1 435**	**1 407**	**1 434**	**1 452**	**1 341**	**1 623**
Change relative to preceding year	%	– 6	2	– 2	7	8	– 18	– 1
as % of sales		23	23	23	24	24	24	22
Employees at year-end	number	17 213	17 003	18 099	21 202	21 202	22 149	22 149
Change relative to preceding year	%	1	– 6	– 15	– 4	– 4	37	37

[1] Including trading.
[2] restated for the effects of discontinued operations – see note 1.04 of Annual Report 2012
[3] restated for the effects of the revised IAS 19 – see note 1.03 of Annual Report 2013

FINANCIAL STATEMENTS OF CLARIANT LTD, MUTTENZ

Clariant Ltd balance sheets at 31 December 2015 and 2014	Notes	**31.12.2015** in CHF	in %	31.12.2014 [3] in CHF	in %
ASSETS					
Current assets					
Cash and cash equivalents	3	398 747 988		254 604 204	
Near cash assets	3	127 215 961		70 106 567	
Other short-term receivables	4	39 215 525		148 065 393	
Accrued income and prepaid expenses		3 898 118		3 739 265	
Total current assets		**569 077 592**	**11.1**	**476 515 429**	**9.8**
Non-current assets					
Loans to Group companies		2 901 979 563		1 993 354 368	
Other financial assets		3 060 000		5 999 323	
Shareholdings in Group companies	5	1 626 320 473		2 371 124 758	
Intangible assets		18 338 298		22 380 090	
Total non-current assets		**4 549 698 334**	**88.9**	**4 392 858 539**	**90.2**
Total assets		**5 118 775 926**	**100.0**	**4 869 373 968**	**100.0**
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities					
Other current non-interest bearing liabilities	6	79 762 703		86 738 122	
Other current interest bearing liabilities	7	200 053 322		386 426 495	
Current provision		774 057		1 763 055	
Accrued expenses		4 686 179		1 944 960	
Total current liabilities		**285 276 261**	**5.6**	**476 872 632**	**9.8**
Non-current liabilities					
Non-current interest bearing liabilities to third parties		1 328 685 920		1 150 524 406	
Non-current interest bearing liabilities to Group companies		177 639 212		4 590 000	
Total Non-current interest bearing liabilities	12	**1 506 325 132**	**29.4**	**1 155 114 406**	**23.7**
Total liabilities		**1 791 601 393**		**1 631 987 038**	
Equity	11				
Total share capital	8, 11	**1 228 175 036**		**1 228 175 036**	
Reserves from capital contribution [1]	9, 11	2 717 619 073		2 846 433 001	
Reserves from retained earnings [2]	9, 11	– 1 264 297 991		– 1 264 297 991	
Total statutory capital reserves	11	**1 453 321 082**		**1 582 135 010**	
Voluntary retained earnings	11	629 186 906		489 175 837	
Total reserves	9, 11	**2 082 507 988**		**2 071 310 847**	
Profit for the financial year		150 442 988		140 011 069	
Against reserves from capital contribution		– 21 607 230		– 86 873 624	
Others		– 112 344 249		– 115 236 398	
Total Treasury shares	10, 11	**– 133 951 479**		**– 202 110 022**	
Total equity		**3 327 174 533**	**65.0**	**3 237 386 930**	**66.5**
Total equity and liabilities		**5 118 775 926**	**100.0**	**4 869 373 968**	**100.0**

[1] In 2012, the Swiss Federal Tax Administration confirmed qualifying capital contribution reserves of approximately CHF 1.7 billion (as per 31 December 2015 due to distributions still amounting of approximately CHF 1.3 billion). For further information see also note 9 to the financial statements of Clariant Ltd.

[2] This amount corresponds to capital contribution reserves formerly offset with losses. For further information see also note 9 to the financial statements of Clariant Ltd.

[3] The prior year's figures were adjusted to the new structure (see notes 1,2).

CLARIANT LTD INCOME STATEMENTS

for the years ended 2015 and 2014	Notes	**2015** in CHF	2014[1] in CHF
Income			
Income from shareholdings in Group companies		1 168 811 853	114 062 990
Income from interest on loans to Group companies		58 440 507	76 985 843
Other financial income		9 516 653	20 116 709
Exchange rate gains realized		359 577 182	59 922 036
Reversal of revaluations on shareholdings in Group companies	5	74 600 000	141 800 000
Other income		6 323 014	20 938 688
Total income		**1 677 269 209**	**433 826 266**
Expenses			
Financial expenses		480 145 804	90 055 298
Administrative expenses		76 501 055	91 785 395
Revaluations on shareholdings in Group companies	5	920 600 000	103 346 861
Exceptional expenses	2	34 592 993	–
Other expenses		14 094 907	8 390 463
Taxes		891 462	237 180
Total expenses		**1 526 826 221**	**293 815 198**
Profit for the financial year		**150 442 988**	**140 011 069**

[1] The prior year's figures were adjusted to the new structure (see note 1,2).

NOTES TO THE FINANCIAL STATEMENTS OF CLARIANT LTD

1. Accounting policies

Introduction. The statutory financial statements of Clariant Ltd comply with the requirements of the Swiss Code of Obligations.

Revenue recognition. Interest income is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company. Dividends are recognized when the right to receive payment is established.

Exchange rate differences. Balance sheet items denominated in foreign currencies are converted at year-end exchange rates. Realized exchange gains and losses as well as unrealized exchange losses are recorded in the income statement.

Intangible assets. Patents are capitalized at cost and amortized on a straight-line basis to the income statement over their estimated useful lives with a maximum of 20 years.

Capital increase costs are directly charged to the income statement according to the new accounting law. This had no impact for Clariant Ltd.

The Board of Directors approved the stand alone financial statement of Clariant Ltd for issue on 15 February 2016. They will be subject to approval by the Annual General Meeting of Shareholders scheduled for 21 April 2016.

2. Basis of preparation

The statutory financial statements of Clariant Ltd have been prepared for the first time according to the provisions of the new Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

The first time application of that new Accounting Law required the representation of the prior year figures. No valuation adjustments were made.

The exceptional expenses include the revaluation of treasury shares from market price to historical purchase price. The losses on transactions with shareholdings are included in this position.

Clariant Ltd has no employees, except the members of the Board of Directors of the Clariant Group.

3. Cash and cash equivalents & near-cash assets

Cash and cash equivalents amounted to CHF 398 747 988 at the end of 2015 compared with CHF 254 604 204 at the end of 2014 and comprised cash in hand denominated mainly in euros and to a lesser extent in Swiss francs and British pounds.

Near-cash assets amounted to CHF 127 215 961 at the end of 2015 compared to CHF 70 106 567 at the end of 2014 and included short-term deposits with an original maturity between 90 and 365 days.

4. Other short-term receivables

Other short-term receivables amounted to CHF 39 215 525 at the end of 2015 compared to CHF 148 065 393 at the end of 2014. They comprised third-party receivables of CHF 1 665 477 (compared to CHF 8 680 135 at the end of 2014) and intragroup receivables for CHF 37 550 048 (compared with CHF 139 385 257 at the end of 2014).

5. Shareholdings in Group companies

Shareholdings in Group companies are reviewed on a yearly basis to assess their cash generating capabilities by applying either a mixed calculation method based on the equity value and the net result or, alternatively, the discounted cash flow model. In that review, the investments were classified and grouped in terms of sales and Business Areas.

The following shareholdings in Group companies were valued using the discounted cash flow method: Clariant S.A. (Brazil), Clariant (Japan) K.K. and Clariant Corporation (US).

At the end of 2015, shareholdings in Group companies amounted to CHF 1 626 320 473 compared to CHF 2 371 124 758 at the end of 2014. Following that review, a revaluation of CHF 74 600 000 and a devaluation of CHF 920 600 000 million were recorded in the income statement, as revaluation income and expense.

In the year 2015, no hidden reserves were reversed. (2014: CHF 295 million.)

The table below shows the shareholdings directly held by Clariant Ltd

Country	Company name		Capital interest (%)	Voting rights (%)	Capital interest (%)	Voting rights (%)
			2015	**2015**	2014	2014
Belgium	Clariant Masterbatches Benelux SA	Louvain-la-Neuve	100.00	100.00	100.00	100.00
Brazil	Clariant S.A.	Sao Paulo	46.32	46.32	46.32	46.32
Canada	Clariant (Canada) Inc.	Toronto	100.00	100.00	100.00	100.00
China	Clariant (China) Ltd	Hong Kong	100.00	100.00	100.00	100.00
Colombia	Clariant (Colombia) SA	Cota	5.13	5.13	5.13	5.13
Ecuador	Clariant (Ecuador) S.A.	Quito	0.03	0.03	0.03	0.03
Finland	Clariant Masterbatches (Finland) Oy	Vantaa	100.00	100.00	100.00	100.00
France	Clariant Services (France)	Choisy-le-Roi	43.00	43.00	43.00	43.00
Germany	Clariant Verwaltungsgesellschaft mbH	Sulzbach	100.00	100.00	100.00	100.00
Great Britain	Clariant Horsforth Ltd	Leeds	100.00	100.00	100.00	100.00
	Clariant Services UK Ltd	Leeds	100.00	100.00	100.00	100.00
Guatemala	Clariant (Guatemala) SA	Guatemala Stadt	10.00	10.00	10.00	10.00
Ireland	Clariant Masterbatches Ireland Ltd	Naas	100.00	100.00	100.00	100.00
Japan	Clariant (Japan) K.K.	Tokyo	100.00	100.00	100.00	100.00
	Clariant Catalysts (Japan) K.K.	Tokyo	61.45	61.45	61.45	61.45
Korea	Clariant Chemicals (Korea) Ltd	Pohang, Gyeongbuk	0.01	0.01	0.01	0.01
Liechtenstein	Clariant Insurance AG	Triesen	100.00	100.00	100.00	100.00
Luxemburg	Clariant Finance (Luxembourg) SA	Luxembourg	100.00	100.00	100.00	100.00
Malaysia	Clariant (Malaysia) Sdn Bhd	Kuala Lumpur	100.00	100.00	100.00	100.00
Morocco	Clariant (Maroc) SA	Casablanca	0.05	0.05	0.05	0.05
Mexico	Clariant (Mexico) SA de CV	Ecatepec de Morelos	100.00	100.00	100.00	100.00
New Zealand	Clariant (New Zealand) Ltd	Auckland	100.00	100.00	100.00	100.00
Norway	Clariant Oil Services Scandinavia AS	Bergen	100.00	100.00	100.00	100.00
Peru	Clariant (Peru) SA	Lima	0.23	0.23	0.23	0.23
Singapore	Clariant (Singapore) Pte Ltd	Singapore	100.00	100.00	100.00	100.00
	Clariant South East Asia Ltd	Singapore	100.00	100.00	100.00	100.00
Spain	Clariant Ibérica Servicios S.L.	El Prat de Llobregat	85.03	85.03	85.03	85.03
Sweden	Clariant Masterbatches Norden AB	Malmö	100.00	100.00	100.00	100.00
	Clariant Production Sweden	Mölndal	100.00	100.00	100.00	100.00
Switzerland	Clariant Beteiligungen AG	Muttenz	99.00	99.00	99.00	99.00
	Clariant Produkte (Schweiz) AG	Muttenz	100.00	100.00	100.00	100.00
	Clariant Reinsurance AG	Muttenz	100.00	100.00	100.00	100.00
	Infrapark Baselland AG	Muttenz	100.00	100.00	100.00	100.00
	Clariant International AG	Muttenz	100.00	100.00	100.00	100.00
	Clariant Oil Services AG	Muttenz	20.00	20.00	20.00	20.00
Thailand	Clariant (Thailand) Ltd	Klongton, Bangkok	100.00	100.00	100.00	100.00
Turkey	Clariant (Türkiye) AS	Gebze	100.00	100.00	100.00	100.00
UAE	Clariant (Gulf) FZE	Dubai	100.00	100.00	100.00	100.00
USA	Clariant Corporation	Charlotte	100.00	100.00	100.00	100.00

For further details on shareholdings indirectly held by Clariant Ltd, see note 34 Important subsidiaries on pages 209 – 211 of this report.

6. Other current non-interest bearing liabilities

Other current non-interest bearing liabilities amounted to CHF 79 762 703 at the end of 2015 compared to CHF 86 738 122 at the end of 2014. They comprised third-party liabilities for CHF 20 125 688 (compared to CHF 18 748 519 at the end of 2014) and intragroup liabilities for CHF 59 637 015 (compared with CHF 67 989 603 at the end of 2014). The intragroup liabilities comprise shareholder costs payable to Clariant International Ltd.

7. Other current interest bearing liabilities

Other current interest bearing liabilities amounted to CHF 200 053 322 at the end of 2015 compared to CHF 386 426 495 at the end of 2014. They comprised third-party liabilities for CHF 148 058 195 (compared to CHF 215 916 238 at the end of 2014) and intragroup liabilities for CHF 51 995 127 (compared with CHF 170 510 257 at the end of 2014).

The third-party liabilities comprised a Certificate of Indebtedness issued in 2011 with a nominal value of EUR 123 million and a book value of CHF 133 677 727, that will fall due in 2016.

The intragroup liabilities comprised the cash pool accounts and current accounts between Group companies.

8. Share capital

Capital issued	**31.12.2015**	**31.12.2014**
Number of registered shares each with a par value of CHF 3.70 (2014: CHF 3.70)	331 939 199	331 939 199
In CHF	1 228 175 036	1 228 175 036

Conditional capital	**31.12.2015**	**31.12.2014**
Number of registered shares each with a par value of CHF 3.70 (2014: CHF 3.70)	3 811 886	3 811 886
In CHF	14 103 978	14 103 978

9. Reserves

The general reserve must be at least 20 % of the share capital of Clariant Ltd as this is the minimum amount required by the Swiss Code of Obligations. As from 2011, if certain conditions are met, qualifying capital contributions made to Clariant Ltd by its shareholders since 1997 can be distributed without being subject to Swiss withholding tax. Qualifying capital contribution reserves of approximately CHF 1.7 billion are confirmed by the Swiss Federal Tax Administration (SFTA).

The SFTA is of the opinion that capital contribution reserves which were formerly offset with losses of CHF 1.26 billion will not qualify as capital contribution reserves anymore (even if compensated with newly generated retained earnings). The Swiss Administrative Court confirmed the SFTA's view in a particular case (decision of 4 June 2015, A-6072/2013), whilst the Swiss Supreme Court (as the highest Swiss court level) has up to now not dealt with this question. Clariant Ltd does not unconditionally share the above mentioned opinion. this is why potential capital contribution reserves are also documented as capital contribution reserves in the balance sheet.

10. Treasury shares

Treasury shares (number of shares)	2015	2014
Shares held as per 1 January	**12 087 920**	**13 204 851**
Shares purchased at fair market value	1 016 761	1 200 000
Shares sold to counterparty out of options (management options 2010)	– 2 077 650	–
Shares sold at fair market value	– 1 016 741	– 1 580 456
Shares transferred to employees	– 814 480	– 736 475
Shares held at 31 December	**9 195 810**	**12 087 920**

Each registered share has a par value of CHF 3.70 (2014: CHF 3.70).

The average price of shares bought in 2015 was CHF 20.69 (2014: CHF 17.27).

The average price of shares sold in 2015 was CHF 17.19 (2014: CHF 17.04).

The profit or loss from the sale of own shares is recorded in the income statement as other income or other expenses.

11. Reconciliation of equity

in CHF	Share capital	Statutory capital reserves		Voluntary retained earnings	Treasury shares		Net income	**Total**
		from capital contribution [1]	from retained earnings [2]		Against reserves from capital contribution	Others		
Balance 31 December 2014 [3]	**1 228 175 036**	**2 846 433 001**	**– 1 264 297 991**	**489 175 837**	**– 86 873 624**	**– 115 236 398**	**140 011 069**	**3 237 386 930**
Reclassification of profit carryforward to voluntary retained earnings				140 011 069			– 140 011 069	–
Distribution		– 128 813 928						– 128 813 928
Changes in treasury shares					60 040 051	– 21 034 432		39 005 619
Changes in valuation of treasury shares					5 226 343	23 926 581		29 152 924
Profit for the financial year							150 442 988	150 442 988
Balance 31 December 2015	**1 228 175 036**	**2 717 619 073**	**– 1 264 297 991**	**629 186 906**	**– 21 607 230**	**– 112 344 249**	**150 442 988**	**3 327 174 533**

[1] In 2012, the Swiss Federal Tax Administration confirmed qualifying capital contribution reserves of approximately CHF 1.7 billion (as per 31 December 2015 due to distributions still amounting of approximately CHF 1.3 billion). For further information see also note 9 to the financial statements of Clariant Ltd.

[2] This amount corresponds to capital contribution reserves formerly offset with losses. For further information see also note 9 to the financial statements of Clariant Ltd.

[3] The prior year's figures were adjusted to the new structure (see notes 1,2).

12. Non-current interest bearing financial liabilities

in CHF	Interest rate	Term	**Amount 31.12.2015**	Amount 31.12.2014
Non-current interest bearing liabilities to third parties				
Certificate of indebtedness	mixed	2011 – 2016	–	152 671 000
Certificate of indebtedness	mixed	2015 – 2020	164 026 004	–
Certificate of indebtedness	mixed	2015 – 2023	181 225 967	–
Bank loans with fixed interest rates	3.000	2012 – 2017	13 433 949	27 853 406
Straight bond	3.125	2011 – 2017	100 000 000	100 000 000
Straight bond	3.250	2012 – 2019	285 000 000	285 000 000
Straight bond	2.500	2012 – 2018	250 000 000	250 000 000
Straight bond	3.500	2012 – 2022	175 000 000	175 000 000
Straight bond	2.125	2014 – 2024	160 000 000	160 000 000
Total non-current interest bearing liabilities to third parties			**1 328 685 920**	**1 150 524 406**
Non-current interest bearing liabilities to Group Companies				
Financial liabilities to Clariant Produkte (Deutschland) GmbH	5.000	2014 – 2018	2 355 000	2 355 000
Financial liabilities to Clariant Service (France) SA	5.000	2014 – 2018	2 235 000	2 235 000
Financial liabilities to Clariant Oil Service Ltd	0.750	–	424 079	–
Financial liabilities to Clariant Beteiligungen Ltd	mixed	–	172 625 133	–
Non-current interest bearing liabilities to Group Companies			**177 639 212**	**4 590 000**
Total non-current interest bearing liabilities			**1 506 325 132**	**1 155 114 406**
Breakdown by maturity				
one to five years			1 171 325 132	820 114 406
more than five years			335 000 000	335 000 000
Total non-current interest bearing liabilities			**1 506 325 132**	**1 155 114 406**

On 17 April 2015, Clariant Ltd issued four certificates of indebtedness with a total amount of EUR 300 million. These certificates have a term of 5 years (EUR 150 million) and 8 years (EUR 150 million) respectively. For each term there is one certificate with a fixed (based on mid-swap) and one with a floating (based on six months Euribor) coupon. The interest costs of the tranches range from 0.9 % to 1.6 % per year.

On 17 October 2014, Clariant Ltd launched a CHF 160 million domestic bond for a term of ten years, with a coupon of 2.125 % per annum and an issue price of 101.053 % for the first tranche of CHF 150 million and 101.412 % for the second tranche of CHF 10 million.

13. Contingent liabilities

in CHF m	**Outstanding liabilities 31.12.2015**	Outstanding liabilities 31.12.2014
Outstanding liabilities as guarantees in favor of Group companies	770	822

The company belongs to the Swiss value-added tax (VAT) group of Clariant, and thus carries joint liability to the Swiss federal tax authority for value-added tax.

14. Shareholdings of members of the Board of Directors and the Executive Committee

1. Board of Directors

SHARES HELD

Name	**Number of shares granted**[1]	**Value of shares granted**[1]	Number of shares granted[1]	Value of shares granted[1]	**Number of shares within vesting period**	Number of shares within vesting period	**Number of privately held shares**	Number of privately held shares
	31.12.2015	**31.12.2015**	31.12.2014	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Rudolf Wehrli	11 765	200 005	11 765	200 005	–	–	54 897	43 132
Günter von Au	8 824	150 008	8 824	150 008	–	–	35 556	26 732
Peter Isler	5 883	100 011	5 883	100 011	–	–	116 204	64 375
Peter Chen	5 883	100 011	5 883	100 011	–	–	18 704	12 821
Dominik Koechlin	–	–	5 883	100 011	–	–	–	23 921
Carlo G. Soave	5 883	100 011	5 883	100 011	–	–	33 804	27 921
Hariolf Kottmann[2]				See EC Overview				
Susanne Wamsler	5 883	100 011	–	–	–	–	955 171[3]	–
Konstantin Winterstein	5 883	100 011	5 883	100 011	–	–	6 008 744	6 002 861
Dolf Stockhausen	–	–	5 883	100 011	–	–	–	11 594 625
Total	**50 004**	**850 068**	**55 887**	**950 079**	**–**	**–**	**7 223 080**	**17 796 388**

OPTIONS HELD

Name	**Number of options granted**	**Value of options granted**	Number of options granted	Value of options granted	**Number of shares within vesting period**	Number of options within vesting period	**Number of excercisable options**	Number of excercisable options
	31.12.2015	**31.12.2015**	31.12.2014	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Rudolf Wehrli	–	–	–	–	–	–	–	30 120
Günter von Au	–	–	–	–	–	–	–	–
Peter Isler	–	–	–	–	–	–	–	47 946
Peter Chen	–	–	–	–	–	–	–	–
Dominik Koechlin	–	–	–	–	–	–	24 096	47 946
Carlo G. Soave	–	–	–	–	–	–	24 096	24 096
Hariolf Kottmann[2]				See EC Overview				
Susanne Wamsler	–	–	–	–	–	–	–	–
Konstantin Winterstein	–	–	–	–	–	–	–	–
Dolf Stockhausen	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**48 192**	**150 108**

[1] The number of shares granted for the period from annual general meeting to annual general meeting (April to March) as part of the BoD share programme will be determined after the balance sheet date. The number disclosed is based on the amount of an estimated fair value of the shares at the grant date. Therefore corrections for the prior year period were necessary.
[2] After taking over the function as CEO, no furth er Board of Directors' compensations are extended. Please refer to the Executive Committee table.
[3] Thereof: 240 271 held by »The Honoré T. Wamsler Trust«

For detailed information regarding emoluments of the Board of Directors and the Executive Committee, please refer to the Compensation Report on pages 130 to 144.

2. Executive Committee

SHARES HELD

Name	**Number of shares granted[1]**	**Value of shares granted[1]**	Number of shares granted	Value of shares granted	**Number of shares within vesting period**	Number of shares within vesting period	**Number of privately held shares**	Number of privately held shares
	for 2015	**for 2015**	for 2014	for 2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Hariolf Kottmann	72 815	1 209 158	66 161	1 146 235	202 731	212 289	473 893	444 814
Patrick Jany	36 408	569 611	33 082	573 145	107 526	115 569	304 973	265 168
Christian Kohlpaintner	36 408	569 611	33 082	573 145	107 526	115 569	231 112	201 307
Mathias Lütgendorf	13 090	219 258	33 082	573 145	107 526	115 569	61 830	292 213
Total	**158 721**	**2 567 638**	**165 407**	**2 865 670**	**525 309**	**558 996**	**1 071 808**	**1 203 502**

OPTIONS HELD

Name	**Number of options granted**	**Value of options granted**	Number of options granted	Value of shares granted	**Number of shares within vesting period**	Number of options within vesting period	**Number of excercisable options**	Number of excercisable options
	31.12.2015	**31.12.2015**	31.12.2014	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Hariolf Kottmann	–	–	–	–	–	–	–	383 682
Patrick Jany	–	–	–	–	–	–	–	191 841
Christian Kohlpaintner	–	–	–	–	–	–	–	120 000
Mathias Lütgendorf	–	–	–	–	–	–	–	–
Total	**–**		–	–	**–**	**–**	**–**	**695 523**

[1] The number of shares granted as part of the matching share program will be determined after the balance sheet date. The number disclosed is based on a bonus payout of 99.1 %, the amount of variable estimated remuneration accrued and an estimated fair value of the shares at the grant date. Therefore corrections are necessary.

For detailed information regarding emoluments of the Board of Directors and the Executive Committee, please refer to the Compensation Report on pages 130 to 144.

15. Voting and legal registration limitations

In accordance with article 5 of the Articles of Incorporation, no limitations exist with regard to registration of shares which are acquired in one's own name and on one's own account. Special rules exist for nominees.

In accordance with article 13 of the Articles of Incorporation, each share has the right to one vote.

16. Significant shareholdings of 3 % or more of total share capital

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2015 the following shareholders held more than 3 % of voting rights in Clariant Ltd:

Shareholders	Voting rights
Group of former shareholders of Süd-Chemie AG [1]	13.89 %
Thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) [2]	*3.73 %*
APG Asset Management N.V., Amsterdam, Netherlands	5.01 %
Cymbria, Canada Edge Point Global Portfolio, Canada Edge Point Canadian Growth and Income Portfolio, Canada Edge Point Canadian Portfolio, Canada Edge Point Global Growth and Income Portfolio, Canada St. James Place Global Equity Unit Trust, UK	3.06 %
BlackRock Inc., New York BlackRock Advisors, LLC BlackRock Advisors (UK) Limited	3.05 %

[1] The following former shareholders of Süd-Chemie AG form a group:

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

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

Disclosure notifications during the financial year 2015 reported to the Stock Exchange Disclosure Office pursuant to Art. 20 of the Stock Exchange Act as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_de.html

At 31 December 2015, former shareholders of Süd-Chemie AG, who had exchanged their shares against Clariant shares in April 2011, held a total of 13.89 % of the share capital of Clariant AG. These shareholders are affiliated with each other for family or other reasons (especially the Wamsler, Winterstein, Schweighart and Stockhausen families).

In addition, at 31 December 2014, the following shareholders held a participation of 3 % or more of the total share capital:
Group of former shareholders of Süd-Chemie AG: 13.89 % (thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany): 3.73 %); APG Asset Management N.V., Amsterdam, Netherlands: 3.01 %; Cymbria, (Canada): 3.06 %.

At 31 December 2015, Clariant AG itself held 9 195 810 shares in treasury, corresponding to 2.77 % of the share capital.

APPROPRIATION OF AVAILABLE EARNINGS

The Board of Directors proposes to appropriate the profit of 2015 of Clariant Ltd in the amount of CHF 150 442 988 as follows.

Annual result	in CHF
Carried forward from previous year	–
Profit for the year 2015	150 442 988
Total available earnings	**150 442 988**

Appropriation	in CHF
Voluntary retained earnings as at Dec. 31, 2015	629 186 906
Transfer to voluntary retained earnings	150 442 988
Voluntary retained earnings as at Jan. 1, 2016	779 629 894
Balance to be carried forward	**0**
Distribution of CHF 0.40 per share from reserves from capital contribution[1]	**129 100 000**

[1] Depending on the number of issued shares on the date of the distribution. Shares held by Clariant Ltd or its subsidiaries are not entitled to a distribution and are not taken into account. The distribution amount is therefore expected to be in the region of CHF 129 100 00.

Distribution of reserves from capital contribution

The Board of Directors proposes a distribution from the confirmed capital contribution reserves of CHF 0.40 per share (following reclassification of the full distribution amount from reserves from capital contribution to voluntary retained earnings).

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF CLARIANT LTD, MUTTENZ

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Clariant Ltd, which comprise the balance sheet, income statement and notes (pages 214 to 224), for the year ended 31 December 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved

PricewaterhouseCoopers Ltd

Dr. Daniel Suter	Ruth Sigel
Audit expert	Audit expert
Auditor in charge	

Basel, 15 February 2016

PricewaterhouseCoopers Ltd, St. Jakobs-Strasse 25, Postfach, 4002 Basel, Switzerland
Telephone: +41 58 792 51 00, Facsimile: +41 58 792 51 10, www.pwc.ch

FORWARD-LOOKING STATEMENTS

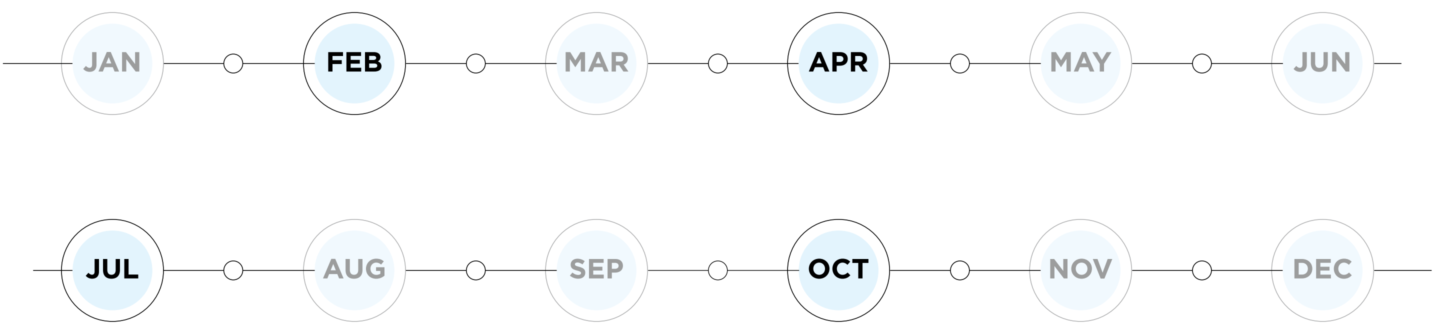
Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Investors are cautioned that all forward-looking statements involve risks and uncertainty. In addition to the factors discussed above, among the factors that could cause actual results to differ materially are the following: the timing and strength of new product offerings; pricing strategies of competitors; the company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

Financial
CALENDAR 2016

21 April
Annual General Meeting

17 February
Full Year 2015 Results

28 April
First Quarter 2016 Results



28 July
First Half 2016 Results

27 October
Nine Month 2016 Results

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Publisher
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Contact
Investor Relations
Anja Pomrehn
Phone + 41 61 469 67 45
Fax + 41 61 469 67 67

Group Communications
Kai Rolker
Phone + 41 61 469 63 63
Fax + 41 61 469 75 49

Editor-in-Chief
Claudia Kamensky

Financial Editor
Philipp Baberschke

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Note about forward-looking statements

This report contains forward-looking statements based on current assumptions and projections made by management. Such statements are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and performance of Clariant International Ltd to differ from those expressed in, implied or projected by the forward-looking information and statements. The information published in this report is provided by Clariant International Ltd and corresponds to the status as of the date of publication of this report.

Disclaimer

Clariant International Ltd published Annual Reports in English and German. The English version is legally binding.

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www.clariant.com/en/Investors/Services/Publication-Order-Service
or sent in writing to the following address:

Clariant International Ltd
Investor Relations
Rothausstrasse 61
4132 Muttenz
Switzerland

Five-Year Group Overview
2011 – 2015

CHF m	2015	2014	2013	2012	2011
Group sales	**5 807**	**6 116**[1]	**6 076**[1]	**6 038**[1]	**7 370**
Change relative to preceding year					
in Swiss francs (%)	**–5**	1	1	8	4
in local currencies (%)	**3**	5	4	8	16
Operating income before exceptionals	**596**	**585**[1]	**574**[1]	**546**[1,2]	**717**
Operating income	**496**	**525**[1]	**470**[1]	**411**[1,2]	**507**
EBITDA before exceptionals	**853**	**867**[1]	**858**[1]	**817**[1,2]	**975**
EBITDA	**767**	**923**[1]	**797**[1]	**690**[1,2]	**786**
Net income	**227**	**235**[1]	**323**[1]	**203**[1,2]	**251**
Basic earnings per share (in CHF)	**0.67**	**0.55**[1]	**0.98**[1]	**0.68**[1,2]	**0.86**
Distribution per share (in CHF)	**0.40**	**0.40**	**0.36**	**0.33**	**0.30**
EBITDA margin before exceptionals (%)	**14.7**	**14.2**	**14.1**	**13.5**[2]	**13.2**
Return on invested capital (ROIC) (%)	**9.7**	**9.4**[1]	**9.5**[1]	**9.4**[1]	**13.1**
Operating cash flow	**502**	**334**	**301**	**468**	**206**
Investment in property, plant and equipment	**374**	**310**	**292**	**311**	**370**
Research & Development expenditures	**204**	**213**[1]	**199**[1]	**175**[1]	**176**
Depreciation and amortization	**257**	**282**	**284**	**316**	**258**
Net working capital	**1 027**	**1 169**[1]	**1 036**[1]	**1 079**[1]	**1 442**
in % of sales	**17.7**	19.1[1]	17.1[1]	17.9[1]	19.6
Total assets	**7 461**	**7 915**	**8 174**	**9 467**[2]	**9 081**
Equity (including non-controlling interests)	**2 494**	**2 733**	**2 780**	**2 666**[2]	**3 026**
Equity ratio (%)	**33.4**	**34.5**	**34.0**	**28.2**[2]	**33.3**
Net financial debt	**1 312**	**1 263**	**1 500**	**1 789**	**1 740**
Gearing ratio (%)	**53**	**46**	**54**	**67**[2]	**58**
Employees	**17 213**	**17 003**	**18 099**	**21 202**	**22 149**

[1] Continuing operations (see note 1.04 in the Financial Report of the 2012 Annual Report)

[2] Restated (see note 1.03 of the Financial Report of the 2013 Annual Report)

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»Today our global markets are very dynamic and constantly changing. For this reason, a company that seeks long-term success must also embrace continuous transformation and evolution.«

HARIOLF KOTTMANN
Chief Executive Officer

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»Change is an ongoing process and a high-performing culture never stops but keeps striving for the next level.«

CHRISTIAN KOHLPAINTNER
Member of the Executive Committee

ANNUAL GROWTH POTENTIAL
in the four Business Areas

Care Chemicals	Catalysis	Natural Resources	Plastics & Coatings
+4–5%	**+6–7%**	**+6–7%**	**≙ global GDP**

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»We will give our shareholders an appropriate share in the company’s success.«

RUDOLF WEHRLI
Chairman of the Board of Directors

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»Clariant aspires to be one of the leading specialty chemicals companies in the world by means of continued improvement in profitability and cash flow generation.«

PATRICK JANY
Chief Financial Officer

TARGETS FOR 2016

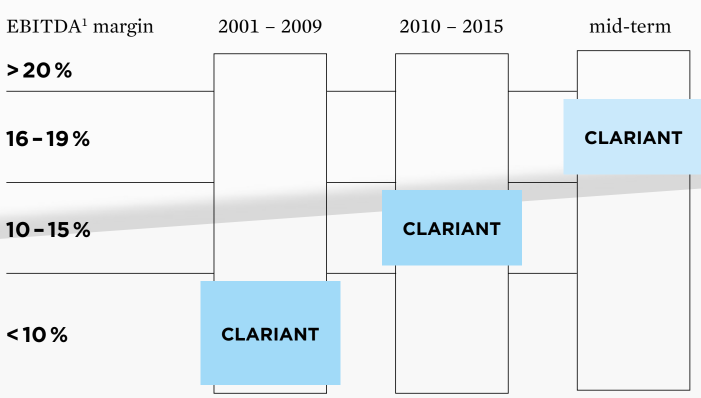
Further sales growth in local currencies
Progress in EBITDA[1] margin
Progress in operating cash flow generation

MID-TERM TARGETS

Organic sales[2]	**> global GDP growth**
EBITDA[1] margin	**16 – 19 %**
ROIC[3]	**> peer group average**

[1] before exceptional items, [2] in local currencies, [3] Return on Invested Capital

FROM AVERAGE TO THE TOP – ADVANCING INTO THE TOP TIER IN SPECIALTY CHEMICALS



CLARIANT INTERNATIONAL LTD
Rothausstrasse 61
4132 Muttenz
Switzerland

SAP-Nr. 1114749