

SUSTAINABILITY



absolute water withdrawal
at LANXESS water risk sites

25.2%

woman in management

69%

CO₂ emissions

Commitment to Sustainable Transformation

Even in challenging times, our commitment to sustainability does not change. We see it as a long-term transformation
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sustainability makes our company more resilient and promotes our future viability, so that we can successfully master
challenges and crises.

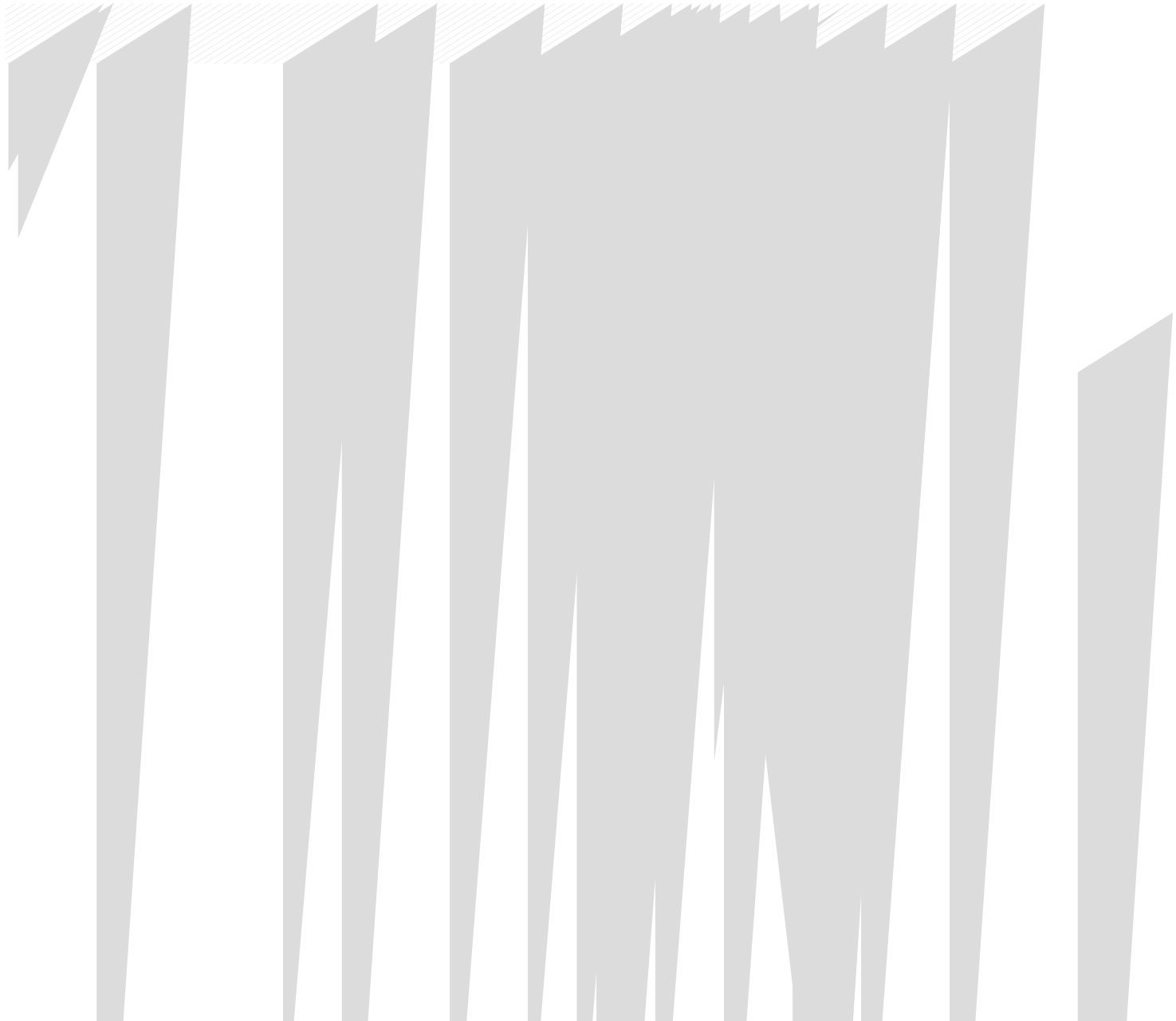
Our mission is the transformation to circular, climate-neu-


As “Agenda 2030,” the Sustainable Development Goals in particular provide important guidance. We must understand precisely how our priorities – formulated in the material topics – relate to the priorities of the international

LANXESS Sustainability Goals

Topic	Goal	Indicator	Deadline	Status quo 2022	SDG	Page
Water consumption	Reduction of absolute water withdrawal by 2% per year	Absolute water withdrawal in cubic meters per thousand euros of sales	Ongoing	For continuing operations, absolute water withdrawal at water risk sites has already been reduced by 16.8% compared with the base year 2019.	6	26-27
Wastewater	Reduction of total organic carbon (TOC) by 2% per year	Kilograms per thousand euros of sales	Ongoing	The implementation of the developed standard began in 2021 and continued in 2022.	12	26-27
Water risk sites	Introduction of a water stewardship program	Percentage of sites that have introduced a water stewardship program	2023	The implementation of the developed standard began in 2021 and continued in 2022.		26-27
	Reduction of absolute water withdrawal by 15% compared with base year 2019	Absolute water withdrawal in cubic meters	2023	For continuing operations, absolute water withdrawal at water risk sites has already been reduced by 16.8% compared with the base year 2019.		26-27





We strive to promote sustainability, increase transparency throughout our supply chain, and thereby further minimize procurement risks. This is why LANXESS is a founding member of the  "Together for Sustainability" (TfS) initiative. TfS has established itself in the chemicals industry as the clear standard for a sustainable supply chain. The focus here is on environmental protection, workers' rights and human rights including the prevention of child labor, labor standards, occupational safety, business ethics and sustainable procurement practices.

Because the assessment results and audit reports are shared within the initiative, we had more than 13,000 sustainability assessments and around 790 audit reports available to us as of the end of 2022. Suppliers whose sustainability-related activities have been assessed in TfS audits or assessments represent 72% of our relevant procurement volume. The relevant procurement volume comprises all suppliers from which we procure more than €20,000 of goods or services per year. The TfS sustainability assessment is also incorporated into our strategy process, which must be applied to every contract negotiation or renewal with a purchasing volume of more than €5 million. In addition to the XCORE strategy process, we established the SCORE process in our purchasing departments worldwide. This process is similar to the XCORE process, but is geared toward purchasing volumes between €1 million and €5 million or over €250,000 in regions outside Europe.

It is also encouraging to see that our suppliers' average EcoVadis sustainability assessment of 50.1 points is above the EcoVadis benchmark of 44.7 points. With regard to our suppliers' weak points, no trend could be discerned in 2022 again. We had no reason in the year under review to end our collaboration with suppliers due to sustainability aspects.

With regard to the migration of a database-supported risk analysis system into our SAP system, we successfully completed the test phase in the reporting year. The global rollout is now taking place in parallel with a general update of the SAP system. In North America, this was already completed in 2021; Germany followed in the second quarter of 2022. The risk analysis system allows us to retrieve supplier-related data from around 300,000 sources and in various qualitative dimensions – such as

7KH V XVWDLQDEOH RULJLQ RI -WK H In addition to styrene, the specialty chemical company U of which comprises sustainable n-butylaldehyde. The dance with the mass balance approach of the ISCC PLUS already sources many other sustainable equivalents of VWDQG DUG p, QWHUQDWLRQDO- 6X VSD HQ materials. BiocDla and Dure Q use D W L - cation"). This is an important requirement, as LANXESS another type of ion exchange resin. The preservative R « HUV LWV SURGXFWV LQ DFFRU Q D V H z d W k l a M k W h W a F o d s U a y l a c i F D i W u l e s Q standard as well and therefore relies on the same trans- EDVHG RQ VXQ -RZHU RLO 7KH LQWHUPHGLDWH 7ULPHWK\ORO propane Scopeblue is available in a version about half



SAFE AND SUSTAINABLE SITES

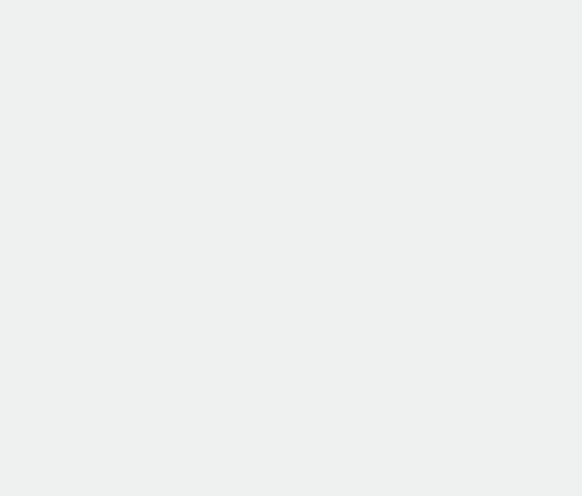
+DQGOLQJ FKHPLFDO VXEVWDQFHV DQG ZRUNLQJ ZLWK WHFKQLFDO


Our commitment is to make our production safe and sustainable in every respect, thus ensuring our long-term competitiveness. Our Production, Technology, Safety & Environment (PTSE) Group function, the head of which reports directly to the Board of Management member Dr. + XEHUW)LQN LV UHVSRQVLEOH IRU WKLV 376(GHYHORSV DQG maintains company-wide standards that ensure respon- VLEOH XVH RI FKHPLFDOV DW #1;(66 7KH\ GH-QH UHTXLUH ments and govern responsibilities for health protection, environmental protection, handling of chemicals, plant safety and safety precautions in the workplace. Continuous training of our employees and regular audit-based reviews of our health, safety and environmental management systems are aimed to ensure that the requirements are incorporated into our processes systematically and sustainably.

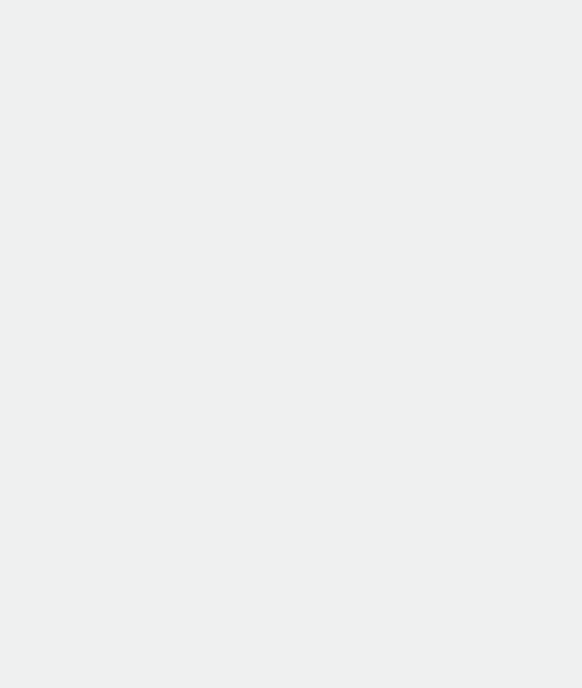
Uniform standards in production

LANXESS operates a total of 57 production sites and KDV D SUHVHQFH LQ FRXQWULHV LQYHVWPHQWV © DV of December 31, 2022). Our wide range of products UHTXLUHV WKH XVH RI PDQ\ GL«HUHQW FKHPLFDO DQG WHFKQLFDO processes. Uniform standards for planning, building and operating plants ensure a high level of process, plant and occupational safety.

Input/Output Analysis¹⁾




Total water withdrawal
178.3 million m³



&RQ-UPDWLRQ RI FRPSOLDQFH ZLWK WKH VWDQGDUGV ,62
DQG ,62 LV SURYLGHG LQ JOREDO PDWUL[FHUWL-FDWHV

7R FRXQWHU WKH GH-FLHQFLHV LQ ORDG VHFXULQJ RI JHQHUDO

cargo, the PTSE and GPL Group functions have worked closely together to develop a load-securing standard for LANXESS, which has proven successful in numerous

-HOG WHVWV DQG LQ SUDFWLFH \$IWHU WKH LQWHUUXSWLRQ RI WKH pandemic, implementation resumed in 2022 at the site in Bushy Park, U.S.

Environmental responsibility

The preservation of natural resources – for example by

XVLQJ UHZ PDWHULDORV DV H°FLHQWO\ DV SRVVLEOH s DQG LGHQWL-

cation of further potential are ongoing tasks in the context

of our environmental responsibility and expertise. We are

IRFXVHG -UVWO\ RQ UHVSQRVLEOH XVH RI ZDWHU DV D UHVRXUFH

which includes both water consumption and water quality.

6HFRQGO\ ZH HQGHYRU WR IXO-OO RXU HFRORJLFDO UHVSQVL

bility with regard to waste. The clear focus is compliance

with all legal requirements. In line with circular economy,

DQ DQQXDO UHGXFWRQ RI ERWK VSHFL-F ZDWHU FRQVXPSWRQ
DQG VSHFL-F WRWDO RUJDQLF FDUERQ 72& LQ ZDVWHZDWHU
`RZV E\

Sustainable waste management

We aim to avoid hazardous as well as non-hazardous waste as far as possible and decouple our business growth
DQG ZDVWH SURGXFWLRQ 5LJRURXV F
PHQW IURP UDZ PDWHULDO LQSXW WR -
DW HQVXULQJ WKDW ZH XVH UHVRXUFHV
and minimize our waste volumes.

2XU EXVLQHVV XQLWV DQG VLWHV VWU
and are working constantly on various research projects for
the prevention, reduction and recycling of waste. In turn,
our networked sites enable us to re-use many waste and
VHFRQGDU\ `RZV DV D UDZ PDWHULDO
plants – both our own as well as those of other chemicals
companies – to create closed loops and thus avoid the
generation of waste.

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with regard to waste. Various working groups conducted
potential and market analyses to look at new on-site and
R« VLWH UHF\FOLQJ RSWLRQV SDUWQH
ical recycling processes or the further standardization of
waste reporting. The goal is to increase the circularity of
waste streams.

slightly polluted wastewater is reported as wastewater. The remaining wastewater still accounts for the biggest share of our waste.

Using the previous year's method, the waste volume of continuing operations would have increased by roughly 5%.

Environmental and Safety Performance Data*

	2020	2021	2022	2022
			Continuing operations	+ 3 0 business unit
Safety				
Occupational injuries to LANXESS employees resulting in at least one day's absence (LTIFR)	1.0	0.9	0.5	1.1
Volume sold²⁾ in thousand metric tons	4,256	4,754	2,754	1,541
Energy consumption in petajoules (10¹⁵ joules)³⁾	24.4	28.6³⁾	25.4	2.8
Direct energy sources (GRI 302-1)				
Non-renewable	9.5	11.2	10.4	1.1
Renewable (biomass)	2.4	3.3	3.3	0.0
Indirect energy sources (GRI 302-1 ¹⁾)				
Electricity consumption	5.8	6.3	4.7	1.5
+ H D W D Q G V W H D P F R Q V X P S W L R Q	6.0	7.05 ³⁾	6.3	0.2
Energy consumption for cooling	0.55	0.54	0.55	0.00
Other	0.15	0.11	0.12	0.00
Water and wastewater in million cubic meters				
Total water withdrawal (GRI 303-3)	209.6	217.0	178.3	48.5
Surface water	48.4	57.5	28.1	45.7
Groundwater	4.3	4.6	4.5	0.0
Third-party wastewater	1.2	1.1	1.2	0.0
Third-party water	155.7	153.8	144.5	2.8
Total water withdrawal in water-stress areas, 4.2¹³⁾ (GRI 303-3)	4.7	4.5	4.1	0.1
Volume of once-through cooling water, 188.4¹³⁾ (GRI 303-4)	169.7	176.4	142.7	45.7
Total wastewater discharge (GRI 303-4)				
Wastewater discharge (treated)	15.8	16.4	14.2	1.4
Wastewater discharge (untreated)	178.8	187.4	152.2	45.9
Total wastewater discharge by destination (GRI 303-4)				
Surface water		191.5	155.5	46.9
Groundwater		0.0	0.7	0.0
Seawater		0.4	0.4	0.0
Third-party water		11.5	9.8	0.4
Wastewater emissions (after treatment) in thousand metric tons				
Total nitrogen	0.4	0.5	0.4	0.0
Total organic carbon (TOC)	1.2	1.3	1.0	0.1
+ H D Y \ P H W D O V	0.0021	0.0023	0.0019	0.0001
Total water consumption in million cubic meters (GRI 303-5)⁷⁾	13.3	12.7	11.0	1.4

Emissions to air in thousand metric tons

Total greenhouse gas emissions CO ₂ (GRI 305-1, GRI 305-2)	2,533	2,591	1,994	472
Direct (Scope 1) ⁸⁾	1,263	1,284	843	392
Indirect (Scope 2, marked-base ⁹⁾)	1,270	1,307	1,151	80
Ozone-depleting substances (GRI 305-6)	0.004	0.004	0.004	0.000
NO _x , SO _x and other emissions (GRI 305-7)				
NO _x ¹⁰⁾	2.1	1.4	0.9	0.4
SO ₂ ¹¹⁾	0.9	0.9	0.3	0.3
CO	2.1	3.2	2.6	0.1
1 + E	0.02	0.03	0.01	0.01
NMVO ¹²⁾	1.2	0.8	0.6	0.1
Waste in thousand metric tons				
Total weight of waste (GRI 306-3)	1,412.2	1,346.3	707.5	30.8
Incineration with energy recovery	77.1	70.7	68.3	7.5
Incineration without energy recovery	30.5	28.7	27.6	0.3
/ D Q G - O O L Q J	52.1	52.4	45.0	1.0
Material recovery	47.9	60.5	59.1	17.9
Other forms of disposal	1,204.6	1,134.0	507.5	4.1
Type of waste				
+ D J D U G R X V	566.4	664.8	626.9	6.4
Non-hazardous	845.8	681.5	80.6	24.4

Explanations concerning our environmental and safety performance data

* The aggregate data refer to all LANXESS production sites in which the company holds equity interest of more than 50%.

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Corporate citizenship

Our understanding of sustainable sites also includes being



CLIMATE ACTION AND ENERGY EFFICIENCY



With the Paris Climate Agreement, the international community committed to limiting global warming to less than two degrees Celsius above the pre-industrial level. At the Climate Change Conference in Glasgow in November 2021, the world's leaders agreed to limit global warming to 1.5 degrees Celsius by 2050, with concrete reduction requirements for greenhouse gas emissions. By 2030, for example, global CO₂ emissions must be cut by 45% versus 2010, and net-zero emissions must be achieved by 2050. Meanwhile, in Germany, the "Climate Protection Plan 2050" currently sets out the interim goal of cutting greenhouse gas emissions by 2030 by 55% compared with the base year of 1990. Industry is expected to contribute to this with a reduction of between 49% and 51%. As of this year, LANXESS has joined the growing list of companies that have set themselves science-based targets to limit global warming to 1.5 degrees Celsius. The validation of our commitment by the Science Based Targets initiative (SBTi) indicates that we are on the right track.

Since it was founded, LANXESS has made substantial progress towards its goal of becoming more environmentally friendly. Between 2004 and 2018, we halved our greenhouse gas emissions from around 6.5 million metric tons of CO₂e to about 3.2 million tons.



In light of this, it was therefore time to set new, ambitious goals. LANXESS is committed to the objective of limiting global warming to a maximum of 1.5 degrees Celsius. We are aiming to be climate neutral in terms of our Scope 1 and 2 emissions by 2040. By 2030, we aim to reduce the greenhouse gas emissions achieved in 2018 by more than half to around 1.3 million metric tons of CO₂e. We have already achieved an 80% reduction compared to the emissions when LANXESS was founded.

In the reporting year, LANXESS set a target for indirect emissions from the upstream and downstream supply chain. We aim to make the entire supply chain climate-neutral by 2050. This encompasses indirect emissions associated with purchased raw materials, logistics and end products. By 2030, Scope 3 emissions are to be cut by 40% – from 27.0 million metric tons to 16,500 million metric tons of CO₂e equivalents – compared with the reference year 2015. To achieve its Scope 3 targets, LANXESS has launched the "Net Zero Value Chain" initiative.

The LANXESS climate targets for Scope 1 and Scope 2 emissions are in line with the Paris Climate Agreement. The Science Based Targets initiative (SBTi), a joint initiative of the climate change mitigation organizations CDP, the U.N. Global Compact, the World Resources Institute and the World Wide Fund for Nature, validated the Group



LANXESS is supporting the objective of limiting global warming to a maximum of 1.5 degrees Celsius. At the reduction target as ambitious. To measure climate-relevant emissions, we collect data on emissions of greenhouse gases from our upstream and downstream supply chain. We aim to make the entire supply chain climate-neutral by 2050. This encompasses indirect emissions associated with purchased raw materials, logistics and end products. By 2030, Scope 3 emissions are to be cut by 40% – from 27.0 million metric tons to 16,500 million metric tons of CO₂e equivalents – compared with the reference year 2015. To achieve its Scope 3 targets, LANXESS has launched the "Net Zero Value Chain" initiative.

Initiatives for our journey to climate neutrality

"Climate Neutral 2040" (Scope 1+2)

- Implement climate protection projects that generate major reductions.
- Decoupling growth and emissions.
- Strengthen process and technological innovations.
- Compensate remaining emissions.

"Net Zero Value Chain" (Scope 3)

- Purchase sustainable raw materials.
- Transition to green logistics.
- 2 «HU PRUH FOLPDWH QHXWUDO SUR» solutions with a low carbon footprint.



In the coming years and decades, climate change will have a significant impact on our business activities. This year, LANXESS therefore continued to work on an extensive risk analysis, based on three climate categories. We perform this scenario analysis globally for all locations and assess the risks that could arise in the short, medium and long terms.

Uncertainty over emissions trading

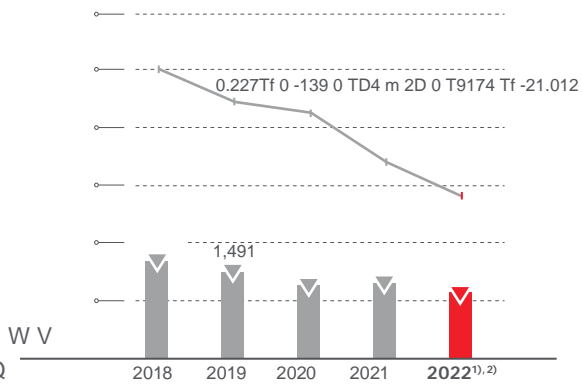
In Europe, twelve of our plants are subject to European emissions trading. Trading with CO₂ emissions rights, we are able to cover our emissions by buying and selling allowances of the environmentally harmful gas CO₂. Because all of our plants covered by emissions trading are state-of-the-art and compete at the international level, we are able to cover the expected CO₂ emissions by the end of the fourth trading period in 2030. At present, however, we are not able to cover our emissions by the end of the fourth trading period in 2030. At present, however, we are not able to cover our emissions by the end of the fourth trading period in 2030. At present, however, we are not able to cover our emissions by the end of the fourth trading period in 2030. At present, however, we are not able to cover our emissions by the end of the fourth trading period in 2030.

CDP gives LANXESS top score
 For the 14th year, we have been participating in the international climate protection initiative CDP (formerly the Carbon Disclosure Project), each year sharing data and information on climate protection and the reduction of emissions. As one of 283 companies worldwide, we again received the best possible score of "A" in the "climate" category in the assessment for 2022, which puts LANXESS among the top 2% of the more than 15,000 companies rated by CDP. These gratifying results gave us the opportunity to highlight our climate protection strategy. In the reporting year, we also received a very respectable A- from CDP.

Greenhouse Gas Emissions (Scope 2)

in thousand metric tons of CO₂ equivalents

● Absolute
 — In relation to sales

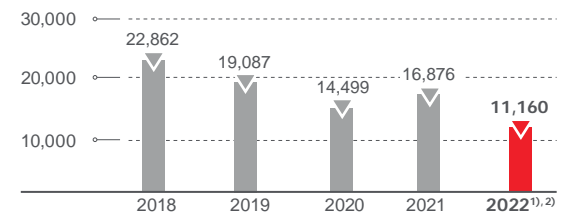


1) Continuing operations
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Greenhouse Gas Emissions (Scope 3)

in thousand metric tons of CO₂ equivalents

● Scope 3 (absolute)



1) Continuing operations
 2) LANXESS total: 14,652

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GHFUHDVHG DJDLQ GXH WR WKH GHFR
business unit.

Systematic energy management

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sions footprint but also our cost position, thus ultimately
making LANXESS more competitive. Our global energy
PDQDJH^oPHQW SURPRWHV SURMHFWV WK
FLHQF\ LQ RXU SODQWV ,Q HDFK EXVLQ
ensure the ongoing improvement of energy-related perfor-
mance. Technical experts from the central departments
KHOS WKH ORFDO WHDPV WR LGHQWLI
SURMHFWV WR LQFUHDVH H^oFLHQF\

:LWK WKLV H^oFLHQF\ LPSURYH^oPHQW W

%RWK RXU DEVROXWH DQG RXU VSHFL-F HGHUJ\ FRQVXPSWLRQ
GHFOLQHG LQ %HVLGHV WKH H«HFW RI WKH DOWHUHG SRUW
IROLR ORZHU SURGXFWLRQ YROXPHV DQG H°FLHQF\ PHDVXUHV
also helped to reduce energy consumption.

An analysis of energy consumption by region shows stark
UHJLRQDO GL«HUHQFHV ERWK LQ WKH DPRXQW RI HGHUJ\ DQG WKH
types of energy source.

Since the German sites account for the largest share of
production volume, the most energy is also consumed
there. At the networked sites in the Lower Rhine region,
the site utility company mostly provides indirect energy
sources. LANXESS operates most sites in the U.S.,
where according to the balance sheet only direct energy
sources are used. In EMEA, there is a balanced mix of

direct and indirect energy sources. In the Latin America

DQG \$VLD 3DFL-F UHJLRQV WKH ODUJH VKDUH RI ELRPDVV EDVHG
direct energy sources is particularly notable.

Sustainable logistics

We select our transportation solutions individually world-

Clear Rules Provide Guidance

process instructions, etc. The applicable directives, standard operating procedures and guidelines are accessible to all employees. Employees are also regularly informed of new and updated regulations relevant to them.

Human rights

In line with our values and operational guidelines, we are committed in our markets and supply chains to promoting respect for human rights at all times and systematically preventing child and forced labor, for example. At LANXESS, human rights and ethical principles apply without restriction, even if they are not stipulated in the legislation of individual countries. Our target is formu-
ODWHG ZLWK FRUUVSRQGLQJ FODULV
LANXESS has control, there should be no breaches of human rights. We have included all relevant information on our commitment and on the measures established in the Group to protect human rights in the "LANXESS
3RVLWLRQ RQ +XPDQ 5LJKWV q

Direct responsibility for ensuring that human rights are respected at all times lies with the respective manage-

Internal guidelines and regulations

Our Corporate Policy lays out principles of responsible business operations and sustainable development
DQG GH-QHV RXU JHQHUDO FRUSRUDWH SKLORVRSK\ DQG WKH
expected conduct of all employees in relation to our stakeholders.

The LANXESS Code of Conduct, which is applicable throughout the Group, requires all our employees – across all organizational units, regions and hierarchy levels – to behave lawfully and with integrity. Through correct and proper conduct, each employee is responsible for helping to prevent harm to LANXESS and increase the company's

violations. The risk assessments are coordinated by Group headquarters and carried out by the responsible depart-

PHQWV DW QDWLRQDO OHYHO 7KH DVVHVVPHQWV FRQ-UP WKDW

there is a high level of awareness of the subject and that functioning mechanisms have been established to prevent violations of human rights.

Furthermore, all organizational units at LANXESS and their business activities are subject to regular internal and external audits. It goes without saying that these activities also include monitoring respect for human rights and –

Anti-corruption

By signing the U.N. Global Compact, we have undertaken to actively counter all forms of corruption. This undertaking is also contained within the LANXESS Code of Conduct, wherein we make all employees aware of this topic. Our

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part of our general compliance management system. In the reporting year, the existing guideline on incentives was revised and replaced with the new Group-wide anti-cor-

UXSWLRQ VWDQGDUG 7KLV GH-QHV RUJDQLJDWLRQDO PHDVXUHV

and regulations for setting up the compliance management system as well as responsibilities for implementation, support and continuous monitoring of the system.

The respective site management, supported here too by our global compliance organization and by regional and

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instances of corruption at all times.

A Group-wide standard provides clear guidance regarding incentives. Our employees are prohibited, either directly or

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to set targets in Germany for aspects such as the proportion of women at the two management levels below the Board of Management and to determine the target date for attainment.



The targets set in 2017, which were supposed to be achieved by June 30, 2022, stipulated female representation of 25% on the first level below the Board of Management and 25% on the second level. Both targets were not achieved. As of June 30, 2022, the proportion of women in management positions was 25.2%, which exceeds the target of 25%.

Dr. Stephanie Coßmann resigned as a member of the Board of Management and Labor Relations Director of LANXESS AG as of March 31, 2022, having been on the Board of Management since January 1, 2020. Contrary to the original target, which had already been achieved in the interim, the Board of Management therefore had no female members as of the reporting date on June 30, 2022.

On November 22, 2022, the Board of Management appointed Frederique van Baarle as another female member of the Board of Management.

In April of the reporting year, the Board of Management adopted new targets for the proportion of women at the two management levels below the Board. By June 30,

Proportion of Women
%



at least 30% by the end of 2030. At the end of 2022, the proportion of women in management was 25.2%.

Further D&I targets can be found in the targets table on page 18.

In 2027, the proportion of female employees must therefore be at least 30% on the second level below the Board of Management.

We have also set further targets above and beyond the proportion of women in management positions to be

Networks can make an important contribution to the promotion of diversity, equal opportunities and inclusion. WInX – our global “Women Initiative LANXESS” – connects women LANXESS across national borders. As part of this initiative, participants were able to network at virtual, hybrid and in-person events around the world. With a “Male Ally Workshop,” the German women’s network showed that men are also important for gender diversity and equality. The workshop who are committed to supporting the women’s network

Proportion of Women on the Board of Management and at the Top Management Levels

Proportion of women ¹⁾	2018	2019	2020	2021	2022 ²⁾	Goal	Target date
First level below the Board of Management	13.8%	20.9%	16.7%	18.2%	22.5%	25%	June 30, 2027
Second level below the Board of Management	19.2%	25.1%	23.4%	25.7%	24.8%	28%	June 30, 2027
Board of Management (number of women)	0	0	1	1	0	– ³⁾	June 30, 2027

1) LXXUHV DV RI 'HFHPEHU{ RI WKH UHVSHFWLYH UHSRUWLQJ \HDU
 2) Year when new target was set.
 3) The Second Act on Equal Participation of Men and Women in Management Positions applies here, according to a target is required for the Board of Management and the statutory requirement applies instead.

Recruiting

, Q WKH UHSRUWLQJ \HDU ZH DJDLQ VDZ DQ LQWHQVL-FDWLRQ RI the competition for talent in our core markets. The significant development toward an employees' market and the demographic challenges make recruiting an important strategic issue. We have therefore further reinforced our recruiting teams and focused on active sourcing. Specialized LANXESS recruitment teams work in the U.S., China, India and Europe. In order to approach interesting candidates in both an active and a targeted manner, we have our own pool of active sourcing specialists, with whom ZH ODUJHO\ UHSODFHG H[WHUQDO +5 VHUYLFH SURYLGHUV LQ WKH reporting year.

Our recruitment process is highly digitalized. The software platform covers all processes from onboarding to the signing of employment contracts. It helps to make approaching and acquiring new talent standardized, transparent and candidate-focused. In EMEA, a video application tool was also piloted in the reporting year.

We continue to invest in a clear employer brand in order to highlight the advantages of LANXESS as a global and socially responsible employer. Our employer brand centers on authenticity and diversity. We communicate this brand via social media, where we share a mix of company, product XFW DQG +5 LQIRUPDWLRQ LQ RUGHU WR VSDUN HQWKXVLDVP IRU our company among talented people from various functions. In the reporting year, we ran over 40 social media campaigns.

Vocational training

Training young people has always been hugely important to us, both in order to safeguard the company's future and as part of our social responsibility. Vocational training is

W K H E D V L V R I R X U V W U D W H J \ R I G H Y H O R S L Q J V S H F L D O L V W V W D « I R U
the German sites from within our own ranks.

It is our aim to retain at least 80% of our apprentices after successful completion of their training. We reached this target again in the reporting year with a retention ratio of

S U H Y L R X V \ H D U

182 apprentices on eight technical, scientific and commercial career paths and young talent in seven dual-study programs started their apprenticeships at LANXESS

' H X W V F K O D Q G * P E + R Q 6 H S W H P E H U 7 K H S U R S R U
tion of female career starters was 7% in the reporting year

S U H Y L R X V \ H D U 7 D N L Q J W K H Q H Z L Q W D N H L Q W R D F F R X Q W
615 apprentices are employed at LANXESS Deutschland

* P E + D V R I ' H F H P E H U 7 K H S U R S R U W L R Q R I
female apprentices across all years is around 7.5%. We

L Q Y H V W H G D U R X Q G b P L O O L R Q S U H Y L R X V \ H D U b P L O O L R Q
in the vocational training of young talent in 2022.

7 U D L Q L Q J Z L O O U H P D L Q D N H \ S L O O D U R I R X U + 5 S R O L F \ L Q W K H

718 343.66Voc000f0>TjET550.2766[T39643[T37598 0 K 1.999 w q.73084 1 10.8(7 3->10911 cm3084 02409.21480 I S Q q.73084 1 1004c410351.io8 c

Strategic workforce planning

The increasing average age of our employees in conjunction with the scarcity of young talent in some regions

PHDQV WKDW WKH FRPSHWLWLRQ IRU TXDOL-HG HPSOR\HHV LV JURZLQJ -HUFHU 7KHUHIRUH ZH KDYH EHHQ LQYHVWLQJ LQ RXU

own apprenticeship and management trainee programs for years in order to cover our requirements for specialist

VWD« FKLH\ IURP RXU RZQ UDNV LQ WKH IXWXUH :H R«HU

attractive opportunities development in order to increase retention among the young talent. The personnel conferences introduced in 2020 for the production and technology (P&T) workforce have become successfully established and a proven planning instrument. They take place annually and serve the purpose of strengthening rotations and development in operations in particular. In order to cater more closely to the personnel needs and challenges

RI 3 7 YDULRXV ZRUNVWUHDV ZHUH ODXQFKHG LQ ZKLFK +5

and Business jointly devise solutions for talent acquisition,

UHWHQWLRQ DQG GHYHORSPHQW VSHFL-FDOO\ LQ 3 7



:RUNLQJ FRQGLWLRQV DQG EHQH-WV
,Q DGGLWLRQ WR IDLU PRQHWDU\ UHPXQHWDWLRQ [^]H[LEOH ZRUNLQJ
FRQGLWLRQV DQG EHQH-WV DUH EFRPLQJ LQFUHDVLQJO\ LPSRUW

ant. As components of total remuneration at LANXESS,
they make a material contribution to the wellbeing and
productivity of our workforce. It is important to us that the

EHQH-WV JUDQWHG VXSSRUW RXU FRUSRUDWH WDUJHWV YDOXHV DQG
culture and address the relevant needs of our employees.

:KHQ GHVLJQLQJ WKHVH EHQH-WV ZH RIWHQ JR IXUWKHU WKDQ
the respective statutory framework. In addition, we always
aim to account for individual needs and life situations in
the best possible manner.

All services apply to our core workforce. Even so, some

These and other measures count toward our goal of deriving 100% of our revenue from Europe, and we are assessing whether we can fit our business model into the principles in 95% of all countries in which we operate by the end of 2022. At the end of 2022, the coverage ratio achieved our goal.

Work/life balance has become even more important under pandemic. In 2022, we therefore made our employees such as two additional daycare center locations. A total of 7% of the workforce in Germany aged between 20 and 49 were fathers. 99% of the employees who ended a parental leave period in 2022 returned to a job at LANXESS, 97% of which still worked in the company at the end of 2022.

parental leave taken for granted in Germany and similar models in the European Union are by no means standard

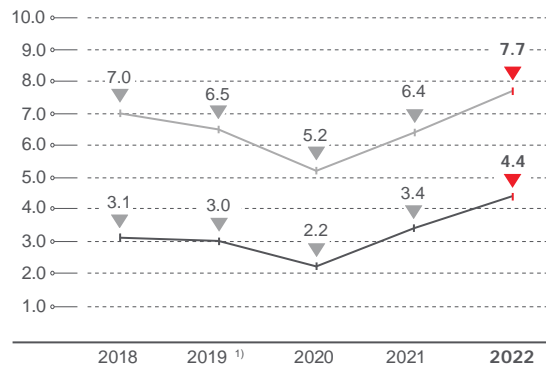


Regular and structured feedback is another important element of our corporate culture. To this end, we use the satisfaction and commitment of the various employee groups. Among other things, we regularly conduct Group-wide surveys – most recently in 2020. In the reporting year, we carried out surveys in several European countries as well as in Canada, India, China and Brazil.

Development of Turnover Over Time

%

— Total turnover
 — Turnover resulting from voluntary resignations



¹⁾ The turnover rate is the sum of departures (from the Group) in the last twelve months divided by the average of the headcounts at the end of the last four quarters. It therefore includes employer- and employee-initiated departures as well as departures due to parental leave or lengthy illness, are no longer counted as departures.

Early Turnover Resulting from Voluntary Resignations by Age Group, Gender and Region

%

Age group	EMEA (excl. Germany)		Germany		North America		Latin America		\$ V L D 3 D F L - F		Total	Abs.
	f	m	f	m	f	m	f	m	f	m		
<30	5.5	4.2	2.3	3.1	10.5	9.7	6.5	10.3	8.1	5.1	4.6	82
30–49	5.1	3.7	0.5	0.7	3.6	4.2	3.0	0.5	4.0	1.5	1.9	134
©		1.2		0.2	1.9	1.6				0.3	0.6	34
Total	3.3	2.7	0.5	0.8	3.5	3.5	3.4	1.3	3.7	1.5	1.7	250
Region total	2.8		0.7		3.5		1.8		2.0			
Region total (absolute)	58		57		78		15		42			

(DUO) WXUQRYHU SHUFHQWDJH RI HWKORUHRZCZORFORHUGZFLXUKEQPVSODQHRHDUVRIEHLQJKLUHG

Turnover Resulting from Voluntary Resignations by Age Group, Gender and Region

%

Age group	EMEA (excl. Germany)		Germany		North America		Latin America		\$ V L D 3 D F L - F		Total	Abs.
	f	m	f	m	f	m	f	m	f	m		
<30	11.0	6.6	4.7	7.6	19.3	14.5	8.7	12.1	18.8	11.9	8.9	159
30–49	12.9	7.5	3.3	3.2	9.9	9.4	6.7	1.5	7.4	4.6	5.2	370
©	4.1	3.9	2.0	1.0	5.0	3.9		0.7	1.5	1.6	2.1	128
Total	9.5	5.8	3.0	2.7	8.5	7.3	6.2	2.3	7.5	4.5	4.4	657
Region total	6.5		2.8		7.5		3.3		5.2			
Region total (absolute)	135		217		169		27		109			

WRWHPSRUDU DEVHOF
 H DUH DOVR VHHLQJ VLJQL-FDQWORLQFULDWLDQGQWHLIOWZRRUQJ RSWL
 RXU ZRUNIRUFH LQ KHDOWK UHO VWIHRSDJWLQVFDQGDWUQWHDQDOR « H

networks as well as in the opportunity to get involved for the environment and society within the company. Accordingly, we have further expanded our health-related networks and, at our Performance Culture Days, the opportunity to play a role in wider society, e.g. via targeted, local environmental campaigns (see pages 49, 53 and 54).

The turnover rate on the basis of resignations is an important indicator of our employees' commitment. Our goal is to continuously keep this ratio below 3.5% until the end of 2023. In the reporting year, the global voluntary turnover unfortunately missed our target for this year. The retention of employees, especially talented ones, is a growing challenge, as the labor market is clearly becoming an

Accordingly, we are also intensifying our internal employer branding, for example by tailoring it individually a strong sense of belonging among our workforce with various opportunities for internal networking, which we are increasing in a targeted manner.

In Germany, the voluntary turnover rate was 2.8% (previous year 2.7%) and the early turnover rate (employees who left our company of their own accord within three years of being hired (early turnover) stood at an average of 1.7% (previous year 1.7%).

We rate our performance in relevant rankings and competitions as a further sign of our employees' satisfaction and the attraction of LANXESS as an employer. In Brazil, LANXESS was recognized as the best employer in the chemical and petrochemical industry for the third time in a row, while our Indian subsidiary received the

Total Turnover by Age Group, Gender and Region

Age group	EMEA (excl. Germany)		Germany		North America		Latin America		\$ V L D 3 D F L - F		Total
	f	m	f	m	f	m	f	m	f	m	
<30	6	16	12	68	12	30	4	8	7	17	180
30-49	30	61	24	88	24	94	9	12	31	66	439
©	10	69	41	241	28	103	1	10	4	26	533
Total	46	146	77	397	64	227	14	30	42	109	1,152
Age group	f	m	f	m	f	m	f	m	f	m	
<30	16.6	7.5	5.6	8.1	21.1	18.2	8.7	13.8	18.8	14.4	10.1
30-49	13.8	8.3	3.6	3.6	12.5	12.6	6.7	3.0	8.8	5.4	6.1
©	6.9	9.5	7.0	8.0	10.8	12.5	3.6	6.6	6.0	8.5	8.7
Total	11.5	8.7	5.3	6.3	12.6	13.1	6.7	4.9	9.2	6.6	7.7
Region total	9.3		6.1		13.0		5.4		7.2		

order to ensure our employees' continued development even during the pandemic. In 2022, we carried out some training face-to face again, but also continued to develop virtual formats. The experience of the last few years has shown us that hybrid formats yield the best results. After its successful launch in 2021, our digital learning platform "LinkedIn Learning" was rolled out internationally in the reporting year. This means that our employees now have access to 18,000 additional digital learning content. On average, 1092.3328 586

We also virtualized our leadership training and were thus able to provide it unchanged at times when physical meetings in larger groups were practically impossible. The aim of the programs is to embed our leadership principles more deeply worldwide and to strengthen our leadership

, Q *HUPDQ\ RFFXSDWLRQDO KHD On Occupational Death Prevention, the priorities in 2022
ZRUNV LQ WKUHH DFWLRQ DUHDV were in the areas of “exercise,” “mental health and addic-
tion at the workplace” and “sleep/regeneration.”

- › Company integration management (CIM) for employees with long-term illnesses :H DOVR R«HU RXU ZRUNIRUFH ZLGH UDQJLQJ PHDVXUHV WR
- › 'LYLVLRQ VSHFL-F 2+0 ZLWK VWUHQVLEHG and Wellbeing at Work International sites. promote health and well-being at work
- › 2FFXSDWLRQDO KHDOWK SURPRWHLQ is continuously growing in importance. Findings approach for the respective plants and departments In addition to the physical aspects, the topic of mental
- › 2FFXSDWLRQDO KHDOWK SURPRWHLQ is continuously growing in importance. Findings employees

All three action areas were worked on systematically in the reporting year and strengthened in line with the company's overarching health goals. In company integration management, cooperation began with an external service provider for case management, aiming to uniform quality standards at all LANXESS locations and to provide the growing number of entitled employees with professional advice and permanent reintegration soon after recovery.

, Q VWUHQVLEHG WKH GLYLVLRQ VSHFL-F 2+0 ZDV D SDUWLFXODU SULRULW\ , Q WKH -UVW \HDU WKUHH JURXSV ZLWK a total of around 270 employees took part in the new, targeted program. It was aimed primarily at prevention and is intended systematically embed the improvement of health-promoting working conditions in the divisions. To this end, the current situation in the individual divisions was analyzed with the managers and employees, internal health groups established, employees trained as health SURPRWHUV DQG LQLWLDO SOD-QW VSHFL-F KHDOWK PHDVXUHV LPSOH mented, e.g. improved ergonomics and improved stress management at the workplace.

By the end of 2022, 59 of the roughly planned 140 focus-group workshops had been carried out in Germany, Belgium, Brazil, the U.S. and China. Thanks to strict hygiene precautions, we were able to carry out some of the events in person again. We will continue them in 2023 and roll them out to other regions, e.g. Italy.

An interim evaluation shows that our employees appreciate the fact that they can contribute personally, receive direct feedback from their colleagues and managers and actively help to shape the safety culture in their own area of activity. The greatest potential for improvement is in the

cultural reasons for unsafe behavior. The characteristics

- › Safety leadership by example
- › Attitude to safety/taking responsibility
- › Learning and sharing/error culture
- › Positive reinforcement of safe behavior
- › Communication/feedback culture

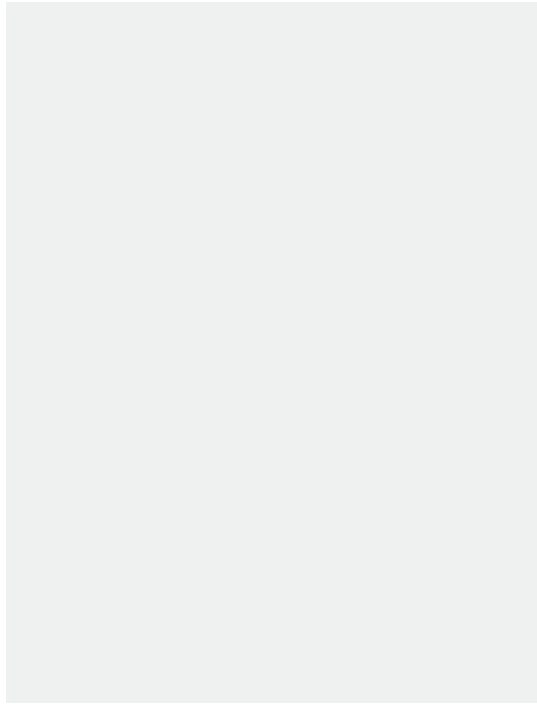
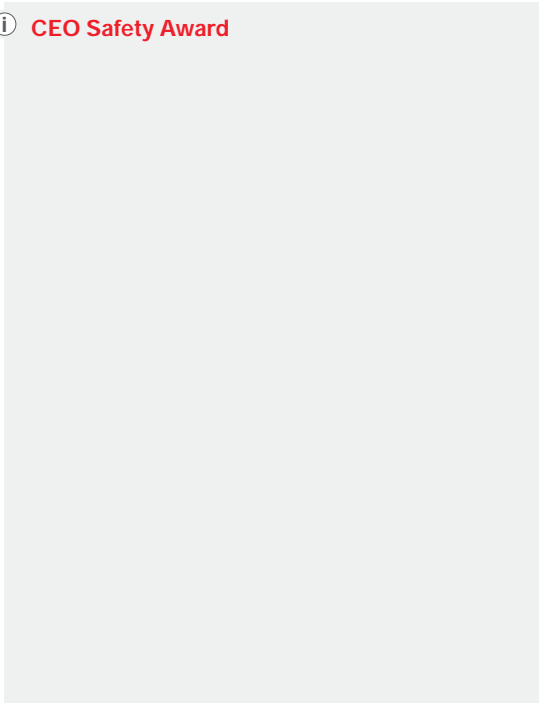
The Xact initiative has summarized these cornerstones in

Visible?". It was introduced worldwide in six languages in early 2021 and is a key element of our communication about safety. In order to make the content of the Xact guidebook more visual, the global Xact-Community has their own examples and experiences in video statements (or video messages). Knowledge is imparted and consolidated in interactive exercises. Three of a total of six digital employees in eleven languages on local e-learning platforms. More than 6,000 employees have already used this learning opportunity.

Active, ongoing communication is a top priority for us when it comes to matters relating to safety. The Xact pulse-check survey that we conducted among all LANXESS employees again in 2022 is an important tool here. It gives them an opportunity to express their personal experience of key aspects of safety at LANXESS. One aim of the survey is to determine whether employees receive positive feedback regarding safe work – as intended – and whether supervisors set an example when it comes to the LANXESS safety culture.

Despite the strain of the pandemic, 44% of the workforce time including the colleagues from the new Flavors & Fragrances business unit. In addition to questions about the content of the Xact initiative, focal points in the report

① **CEO Safety Award**





SUSTAINABLE PRODUCTS

Product responsibility

We see the constant improvement of product safety, which is enshrined as a core aspect of our corporate policy and in the Group-wide management system, as part of our

Portfolio development

In line with societal trends and needs, we aim to constantly improve the sustainability performance of our product portfolio, to identify critical substances in products and to substitute them or develop safe alternatives.

For the management and long-term development of our product portfolio, we follow an approach with three perspectives. This is based on the LANXESS Product Sustainability Monitor. Using this analytical tool, we identify products that are produced in a particularly sustainable manner as well as products where we see potential for improvement, and have been increasing the sustainability performance of our portfolio for years.

We use the Carbon Footprint (CF) and the Carbon Footprint (PCF) and the circular potential of our products. Our products are categorized into three groups:

1. **Performers:** Products that are produced in a particularly sustainable manner. These products are produced in a particularly sustainable manner, to use sustainable raw materials and to ensure that our products can be recycled.

2. **Transitioners:** Products that are produced in a particularly sustainable manner, but where we see potential for improvement. These products are produced in a particularly sustainable manner, but where we see potential for improvement, and have been increasing the sustainability performance of our portfolio for years.

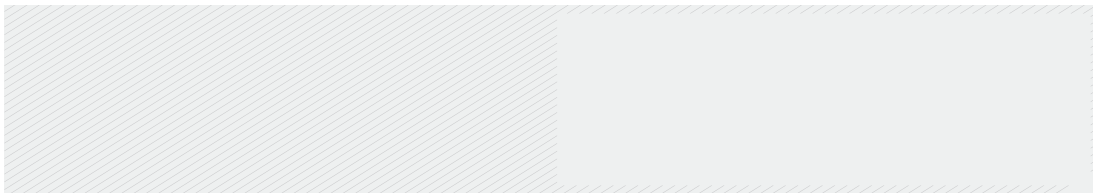
3. **Reluctants:** Products that are produced in a particularly sustainable manner, but where we see potential for improvement. These products are produced in a particularly sustainable manner, but where we see potential for improvement, and have been increasing the sustainability performance of our portfolio for years.

In this respect, only a small portion of the LANXESS portfolio is relevant for the following categories:

Safe and sustainable products

Using the LANXESS Product Sustainability Monitor, we

- › **Performers:** Products that are produced in a particularly sustainable manner. These products are produced in a particularly sustainable manner, to use sustainable raw materials and to ensure that our products can be recycled. Performers are manufactured with a very low to low environmental impact. These products contribute to at least one SDG and are experiencing increasing demand.
- › **Transitioners:** Products that are produced in a particularly sustainable manner, but where we see potential for improvement. These products are produced in a particularly sustainable manner, but where we see potential for improvement, and have been increasing the sustainability performance of our portfolio for years. Transitioners are manufactured with a low to medium environmental impact. These products contribute to at least one SDG and are experiencing increasing demand.



› **Roadmap:** This category covers products with serious sustainability concerns, namely chemical end products with more than 0.1% by mass of substances with the properties of substances of very high concern (SVHC) listed in Annex XIV of the REACH Regulation. In our roadmap process, in which we examine in partic-



When selecting products, knowledge about the carbon footprint is becoming increasingly important – both for us and for our customers. Our aim is to continuously reduce the PCF and thus our products' negative impact on the climate. In a cradle-to-gate assessment, the PCF results

- › Emissions from our own processes (Scope 1)
- › Emissions from purchased energy (Scope 2)
- › Emissions from purchased goods, upstream transport and waste generation (Scope 3)

and Scope 2 emissions in particular. With our strategy for climate neutrality in 2040, we have set ourselves ambitious targets in this area. [see "Climate Action and \(Q H U J \ \(° F\) L M O P](#) More important for the PCF than the Scope 1 and Scope 2 emissions are often the Scope 3 emissions arising in connection with purchased goods, i.e. our raw materials. In chemical production, they often account for more than 50% of the PCF. We are therefore placing a strategic focus on the purchase of sustainable

Products for climate protection and the circular economy

A full picture of our product portfolio is obtained only

ZKHQ DVVHVVLQJ WKH EHQH-W-DQG WKH SRVLWLYH HQYLURQPHQ
WDO LPSDFW WKDW RXU SURGXFWV KDYH ZKHQ XVHG +HUH ZH

prioritize solutions that contribute to climate protection or enable a circular economy.

Products that support climate protection are suitable for reducing greenhouse gas emissions and thus stopping or slowing climate change (climate mitigation). A second important group comprises products that support adaptations to climate change – i.e. help to cope with the negative consequences resulting from changes in the climate that have already materialized or are expected in the future (climate adaptation).

The biggest drivers of climate change are the generation of electricity and heat. The change from fossil fuels to renewable energy requires a large number of new solutions, especially for wind power, photovoltaics and the necessary storage of energy in the form of batteries or automotive construction with modern plastics harbors potential to considerably reduce fuel consumption in vehicles with combustion engines. In recent years, electric mobility has also become established as an important

K\GURJHQ 7KH WUDQVSRUW VHFWRU DQG HVSHFLDOO\ URDG WUD°F
DUH RWKHU VLJQL-FDQW FDXVHV RI FOLPDWH FKDQJH /LJKWZHLJKW

compounds. As a broad-based raw material supplier, LANXESS can therefore reliably deliver the necessary precursors in order to cover the growing European demand for LFP.

:H KDYH GHYHORSHG (PHUDOG 1+ WR PDUNHW PDWXULW\ DV
DQ LQQRWDWLYH ^DPH UHWDUGDQW 7KLV QHZ SKRVSKRUXV EDVHG
product has been specially designed for use in high-performance plastics and electric mobility. It exhibits very good
^DPH UHWDUGDQW SURSHUWLHV LQ FRPELQDWLRQ ZLWK RWKHU DGGL
WLYHV DQG HDVLO\ SDVVHV WKH UHOHYDQW -UH VDIHW\ WHVWV 9HUV
tile formulations ensure that the mechanical properties
and other functional characteristics of the end products
DUH PDLQWDLQH ,Q DGGLWLRQ WKH DGGLWLYH R«HUV H[FHOHQW
thermal stability and boasts a unique morphology.

Another innovation, our natural preservative Nagardo, has now also been launched in Europe following the U.S., Australia, New Zealand, and Canada. We obtained approval for use in non-alcoholic beverages the EU in the reporting year and continue to expand the global footprint of Nagardo.

European beverage producers can now make use of a
ORQJ DZDLWHG QDWXUDO SUHVHUYDWLYH WKDW QRW RQO\ H°FLHQWO\
safeguards product quality but also enables them to transform their product ranges and to meet consumers' growing demand for natural ingredients. The use of Nagardo can also help beverage producers to achieve

own market- and customer-oriented complaint management and optimization processes. Shared elements of these processes include clear targets, for example in relation to the reduction of customer complaints or processing times for customer complaints, as well as a corresponding statistical analysis of the feedback received, and structured monthly reporting to the management of the respective business unit. Various bodies and dialog forums, such as the quarterly Marketing & Sales Community, also guarantee the regular exchange of experiences between our business units and Group functions.

Our business units regularly review their complaint management process to identify potential for improvement. In 2022, for example, Polymer Additives took further

Reporting on the EU taxonomy

Introduction

A central element in the European Union's Green Deal is

W KH V W U D W H J \ I R U V X V W D L Q D E O H
- Q D Q F L Q J ^ R Z V L Q W R L Q Y H V W P H Q W
G H Y H O R S P H Q W L Q W K H I X W X U H ,
system for economic activities – the EU taxonomy – is to
help investors assess whether investments contribute to
political targets and obligations such as the Paris Agree-
ment on climate change at the same time as meeting

V S H F L - H G H Q Y L U R Q P H Q W D O D Q G V R F L D O V W D Q Q D U G V 7 R W K L V H Q G
W K H (8 K D V G H - Q H G V L [F D W H J R U L H V R U R E M H F W L Y H V

In order to assess an economic activity, a two-step analysis
must be performed with regard to eligibility and alignment.

According to the EU Taxonomy Regulation, economic
activities are taxonomy-eligible if they match the activity

Descriptions in Annex A and B of the Regulation
June 2021 in the Supplemental Delegation Act of March
2022 and potentially without it to be achieved

one of the six environmental objectives. To determine
alignment, each activity must be assessed as to whether
it makes a substantial contribution to any given objec-

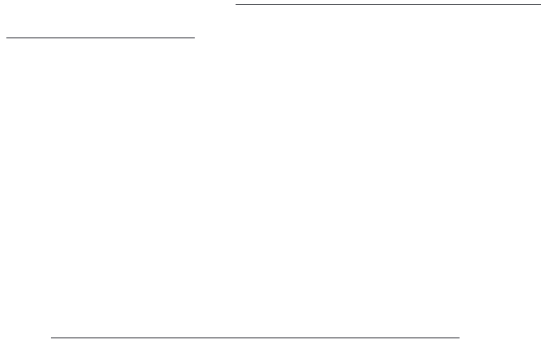
1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The relevance of an economic activity for one of these
environmental objectives depends on how the activity

L Q ^ X H Q F H V W K H U H V S H F W L Y H H Q Y L U R Q P H Q W D O R E M H F W L Y H

Taxonomy-eligible activities

'R QR VLJQL-FDQW KDUP p'16+q
Economic activities 3.4 "Manufacture of batteries" and
5.4 "Renewal of waste water collection and treatment"



Results

Sales

In the reporting year 2022, LANXESS generated 8% of its external sales with products allocable to taxonomy-eligible activities. The remaining 92% of sales relate to products

The operational expenditures in connection with research,
development and patents include for example costs for our

VFLHQWL-F GHSDUWPHQWV DQG ODERUDWRULHV 7KHVH H[SHQGL

tures are reported in the _____

