

Letter from Dr. Matthias L. Wolfgruber, Chairman of the Supervisory Board at LANXESS AG

Dear shareholders,

The current coronavirus pandemic is having an impact on all of our lives, both professional and personal. Social and, to a large extent, economic life has at times been halted in an unprecedented manner. For example, regulatory requirements meant that LANXESS had to postpone this year's Annual Stockholders' Meeting and will now hold it as a virtual event in order to safeguard the health of everyone involved.

Contrary to the announcement in the 2018 annual report, the Supervisory Board has decided to defer the vote on the remuneration system ("say on pay"). Given the considerable delay in the legislative process on the Shareholder Rights Directive (SRD II), the subsequent lag in implementing the new German Corporate Governance Code and the changing requirements of various interest groups regarding a modern remuneration system, we have decided to use the time until the legally binding vote on a "say on pay" in 2021. The aim is to ensure that the remuneration system is a good fit for us as a Group and also that it meets the requirements of our shareholders. In particular, we would like to take the time to discuss the stance of our investors in more detail.

Looking ahead to the future and in view of the legal amendments announced, we already made a number of changes to some elements of Board of Management and Supervisory Board remuneration in 2019. I would briefly like to remind you of these:

- Introduction of a clawback clause (variable remuneration can be withheld or reclaimed, in part or in full, in the event of a serious breach of duty)
- Cap established for Board of Management remuneration and its components
- Discretionary bonus limited
- Variable Supervisory Board remuneration discontinued (with effect from 2020 Annual Stockholders' Meeting)

In order to account for additional requirements this year, the following issues will be discussed by the Supervisory Board:

- Inclusion of a sustainability (ESG) element as a target in the long-term remuneration component
- Review of target relevance and structure of short-term annual bonus (Annual Performance Plan – APP)
- Revision of target relevance and structure of the long-term remuneration component

- Limiting remuneration in the event of a change of control to the shorter of two years' salary or the remaining contractual term
- Limiting the discretionary bonus within the annual variable remuneration, while also maintaining the cap on overall remuneration

In line with requirements as they currently stand, the Supervisory Board has thus already adjusted some components and is working on carefully evaluating and implementing additional changes. In doing so, we will continue the dialog with our investors, analyze their feedback and compare the suitability with external groups and the market. We hope this will allow us to present an even more balanced remuneration program at the 2021 Annual Stockholders' Meeting that is even more closely geared toward LANXESS' strategic development.

In addition to this information, I would like to inform you that I intend to terminate two of my Supervisory Board offices outside the Group in the next 12 months at the latest.

As Chairman of the Supervisory Board, I look forward to continuing our constructive dialog. Stay healthy!

Sincerely yours,



Dr. Matthias L. Wolfgruber
Chairman of the Supervisory Board at LANXESS AG