

BACKGROUND PAPER

WORKING AT LANXESS

LAST UPDATE: FEBRUARY 2022

LANXESS
Energizing Chemistry

MANAGEMENT SUMMARY

As a global company with around 15,000 employees worldwide, we act as a responsible employer. Our self-image is defined throughout the Group by a team- and performance-oriented culture with five central values: respect, ownership, trust, professionalism, and integrity. We support our employees' career development in a targeted way, starting with professional training to qualify skilled employees from within our own ranks and thereby counter the shortage of skilled workers. We endeavor to be a preferred employer worldwide, to retain employees, and to promote their commitment. In order to achieve this, we have set ourselves clear goals.

As a company in the chemicals industry, occupational health and safety is our top priority.

- 🎯 **2025 target:** Continuous decrease in the lost time injury frequency rate (LTIFR) by >50% (reference LTIFR of 2.0 in 2016)

We offer all of our employees fair remuneration and support their financial security. In addition, we also give them the option to organize their work flexibly where possible.

- 🎯 **2022 target:** Flexible working conditions for employees, whose jobs allow this, in 95% of the countries where we operate

At LANXESS, the diversity and inclusion concept stands for an enriching mix of different nationalities, cultures, and life experiences. One of our key goals is to increase the proportion of women at the company.

- 🎯 **2022 target:** 15% women at the first level below the Board of Management

- 🎯 **2022 target:** 25% women at the second level below the Board of Management

- 🎯 **2030 target:** 30% women in management below the Board of Management

Our employee turnover rate resulting from voluntary resignations shows the extent to which we are achieving our goal of being a preferred employer. We continuously aim for a rate below 3.5% across all countries.

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WORKING AT LANXESS

LANXESS aims to be a sustainable and successful chemicals company in the long term. Our success is based fundamentally on our employees' sense of responsibility, professionalism, and focus on finding solutions. Our identity as an employer is defined throughout the Group by a team- and performance-oriented culture with five central values: respect, ownership, trust, professionalism, and integrity. These values always apply everywhere – for all of the roughly 15,000 employees worldwide. We seek to foster a corporate culture in which safe, responsible, and morally irreproachable actions and striving for performance complement each other. In keeping with our company slogan “Energizing Chemistry”, LANXESS aims to be a company whose success is driven by the personal commitment of each individual employee and by high-performing, diverse teams.

Our goal is to enable our employees to shape their professional lives actively and create a productive and motivating environment where they can enjoy working.

This makes us attractive for the next generation of employees and enables us to counter demographic change and the shortage of skilled workers while also promoting and developing a diverse workforce in which everybody feels included. To live up to this ambition, our organizational structure in the Human Resources (HR) department is established strongly at the local, regional, and global level. In addition, key issues relating to social concerns and working conditions with regard to sustainability are handled and resolved at the highest level globally and across functions and business areas. The main committee for this is the Sustainability Committee, which centrally steers all sustainability topics in the Group. In addition to technical experts, all Board of Management members are also on this committee. All sustainability related topics concerning “working at LANXESS” are handled by the People & Governance sub-committee, which is headed by our Labor Director.

 Further information on our committees and functions

At LANXESS, we focus on people. Our global program “You Matter” was launched in 2021 and combines all benefits we offer our employees worldwide.

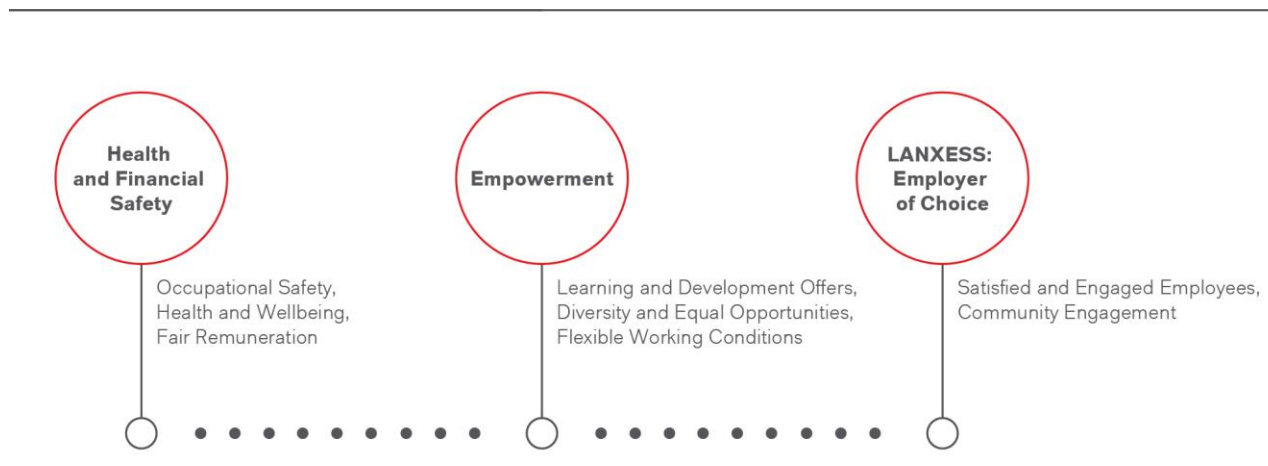
We particularly want to advance three aspects of our working world, thereby addressing several goals of the United Nations 2030 Agenda for Sustainable Development (Sustainable Development Goals):

For LANXESS, **health and security** forms the basis for satisfied, high-performing employees. Occupational health and safety is therefore the highest priority at LANXESS (SDG 3 – Good Health and Well-Being). We give our employees a job with future prospects and fair remuneration, regardless of their gender (SDG 5 – Gender Equality, SDG 8 – Decent Work and Economic Growth).

For us, **actively shaping professional life** means helping employees develop abilities that allow them to do their work in the best possible way and keep developing both personally and professionally (SDG 4 – Quality Education). With our diversity and inclusion (D&I) strategy, we promote diversity and equal opportunities within our workforce (SDG 5 – Gender Equality). Various flexible working (time) models contribute to a more flexible working life and help to create an individual work-life balance.

Our goal is to be an **employer of choice**. This means creating a productive and positive environment where our employees enjoy working. We see our employees' strong commitment and the low turnover on the basis of resignations as a sign that we are already an attractive employer. With our corporate citizenship, we further strengthen our employer brand and our employees' sense of identification with LANXESS.

 Further information on LANXESS and the SDGs



1. HEALTH AND SECURITY

Occupational safety

As a company in the chemicals industry, occupational health and safety is our top priority. Good benefits in the area of occupational health and safety have a positive impact on our employees' satisfaction and performance.


We work to ensure that our employees and our partner companies' employees go home just as healthy as they were when they came to work. Our vision is "zero accidents," reflecting our conviction that all accidents can be avoided. Our commitment to occupational safety is anchored in our Corporate Policy and in our Position on Human Rights.

 LANXESS Corporate Policy

 LANXESS Position on Human Rights

With our Health, Safety & Environment sub-committee within the Sustainability Committee, the topic of occupational safety is anchored in the Board of Management and at all management levels.

Since January 2021, the short-term annual variable remuneration of the Board of Management and the first management level below the Board of Management has included the goal of occupational safety. This reflects the high importance of the safety of our employees and locations. 20% of the short-term variable remuneration is tied to reducing accidents in the respective year.

 Further information on remuneration of the Board of Management since 2021

Xact: Global initiative for more safety

Our ambition is to make our production safe, sustainable, and thus competitive in the long term in every respect. Organizational responsibility for this lies with our Production, Technology, Safety & Environment (PTSE) Group function, whose head reports directly to the Board of Management. PTSE defines requirements and governs responsibilities for health and environmental protection, the handling of chemicals, plant safety, and workplace safety precautions. Continuous training for our employees and regular reviews of our health, safety, and environmental management by way of audits are intended to ensure that the requirements are systematically and sustainably implemented in our processes.

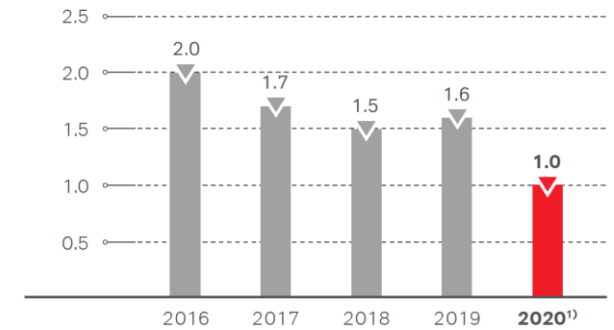
In addition, our Xact safety initiative pursues the goal of raising our safety culture to a higher level, step by step. Starting from the top management, we expect all employees to make efforts together to improve safety in the Group.

Our ambition is to avoid all accidents. The indicator used for assessing occupational safety at LANXESS is the lost time injury frequency rate (LTIFR, known as MAQ ["accidents per million hours worked"] in Germany). With regard to continuously reducing occupational accidents, we have set ourselves the goal of reducing the LTIFR, i.e. accidents resulting in lost working days, by at least half by the end of 2025.



2025 target: Continuous decrease in the LTIFR by > 50% (reference LTIFR of 2.0 in 2016)


Work-Related Injuries to LANXESS Employees Resulting in Absence from Work (LTIFR)




1) Continuing operations

In 2020, the LTIFR came to 1.0 and was thus well below the previous year's level. We have therefore moved a big step closer to our target for 2025 of <1.0. However, the significant improvement in 2020 was partly due to effects of the coronavirus pandemic. For 2021, we are still working hard to maintain this level and to develop an accident frequency rate below 1.0 in the future. There have been no fatal occupational accidents at LANXESS since 2012.

In accordance with our safety guidelines, each organizational unit, e.g. a plant, is required to conduct systematic safety appraisals and risk assessments on a regular basis and define suitable measures to protect against potential hazards – this applies to all activities. The employees are trained accordingly, and the training courses and measures are regularly monitored.

 Further information on the safety initiative Xact

 **Best practice: CEO Safety Award**

For us as a chemicals group, the safety of our plants and processes is the top priority. Every year, the international CEO Safety Award honors particularly successful initiatives and contributions to occupational safety at LANXESS. In 2021, the award was presented to the Baytown (USA) location for its “Operational Diligence” training concept aimed at production employees. The program has been effective: Due to a wide range of implemented measures, the Baytown site has already been operating injury-free for twelve years.


Health and well-being

Our occupational health management is based on raising all employees’ awareness of their own health and motivating them to adopt healthy behaviors in their professional and personal lives. Our commitment to maintaining and promoting both the physical and the mental health of our employees is anchored in our LANXESS Corporate Policy.

 LANXESS Corporate Policy

We attach particular importance to combating stress at the workplace. As part of the workplace risk assessment, we evaluate the workplace conditions for each activity worldwide at regular intervals. Thereby, both physical and mental stress factors are taken into account. The risk assessments are repeated on an ad-hoc basis, but at the latest every three years, to identify and minimize any physical burdens and sources of stress. In this context, ergonomics at the workplace is also regularly reviewed and continuously improved. We also offer our employees worldwide a wide variety of measures to promote health and well-being, such as medical check-ups and stress management training, as well as mental health, fitness, wellness, and nutrition-related offers.

 Further information on our health offers

 **Best practice: Dealing with stress in the pandemic**

Our employees were under a lot of strain during the coronavirus pandemic. We provided various offers to help them deal with this increased level of stress.

In Germany, we offered all employees a varied program on the topics of exercise, nutrition, and mental health as part of our health weeks “#Hang In There: Getting Through COVID Together.”

In India, we implemented a new program to promote the physical, mental, and emotional well-being of our employees. For example, they can use therapy, telephone consultations, and mindfulness exercises to counter the increased stress level due to the pandemic.

We also introduced a similar stress management program in China.

Fair remuneration for everyone

One key element of our “You Matter” program is fair remuneration. As part of our competitive remuneration, we offer a performance-based remuneration component – the annual performance payment (APP) – in addition to the fixed salary above the pay scale, and, in most countries, within the pay scale. With the individual performance payment (IPP), managers can also reward extraordinary performance by their employees during the year in a prompt and unbureaucratic way. Additionally, we offer long-term variable remuneration programs for our managers in Germany, the USA, India, and China. For all employees in Germany, LANXESS also offers additional remuneration components in the form of company benefits such as our employee stock program.

[Further information on our remuneration components](#)

Our remuneration policy offers competitive pay based on relevant external benchmarks, level of professional experience and quality of work, irrespective of the employee’s gender. The fixed annual salary of non-pay-scale employees is reviewed on the basis of these criteria in our annual salary review. Salary increases for our pay-scale employees follow the applicable collective agreements, likewise irrespective of gender.

In signing the “Women’s Empowerment Principles” (WEPs), an initiative from the UN Global Compact and UN Women, we strengthened our commitment to equality between men and women. This naturally also includes “equal pay for the same work”.

[Further information on the WEPs](#)

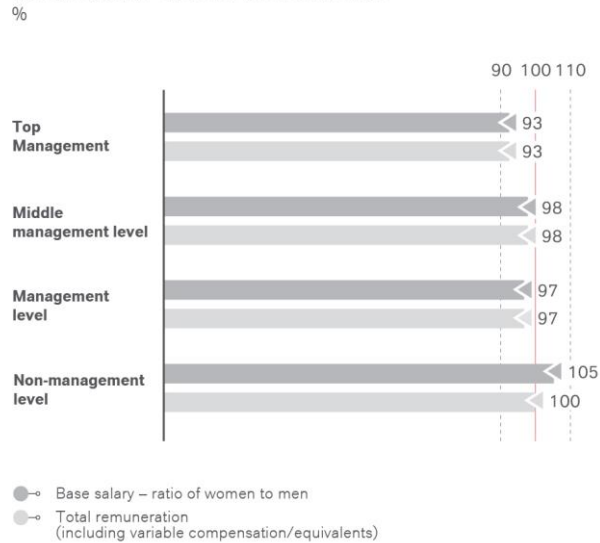
The difference between average pay for men and women at LANXESS is less than +/- 5% for all levels except the top management. When the wage gap is broken down by age group – as a proxy variable for professional experience – the difference between men and women is even smaller. The goal of our HR policy is to have no gender-specific differences in pay. Our diversity & inclusion measures also contribute to this.

[Further information in the ESG Data Factsheet](#)

In 2021, we were one of 380 companies to be included in the Bloomberg Gender Equality Index (GEI), which recognizes achievements and reporting in the area of gender-specific wage equality, among other aspects.

[Further information on the Bloomberg Gender Equality Index](#)

Remuneration Ratio of Women to Men



Pensions and financial protection

As a responsible employer, the financial security of our employees is important to us. LANXESS offers its employees in most countries a company pension and insurance services for their financial security, such as free accident insurance. The structure of the company pension is regulated differently in different countries depending on the state pension system. LANXESS’s pension commitments often go beyond what is legally required. Employees in Germany can add to their personal financial security with private pension and insurance solutions and, since 2021, also receive a subsidy for supplementary long-term care insurance.

Further offers support the transition to retirement, such as the long-term account for pay-scale employees in Germany. Employees can pay not only money such as bonuses, but also time credit into this account. This allows them to leave working life earlier just before retirement while still being employed at LANXESS and therefore financially secured. The participation rate was at a high level in 2020 at around 90%.

Another instrument for security that LANXESS offers its employees in countries such as the USA and India is employer-funded health insurance. During the coronavirus pandemic, we paid higher premiums there and increased the benefits for COVID-19 patients in hospital, as well as taking on the vaccination costs for our employees.

2. ACTIVELY SHAPING PROFESSIONAL LIFE

Supporting development

Only if we continuously invest in initial and further training for our employees and provide them with clear, globally binding values and standards, will we be able to take advantage as a company of the opportunities offered by changing markets. A wide variety of management and personnel development tools enable and motivate our employees to act on the basis of our values, think about topics in a new way, and implement them rapidly, while developing solutions as a team.

Performance dialog

One key instrument for our personnel development is the performance dialog. It helps our managers and their employees to compare their mutual expectations with regard to tasks, goals, and responsibilities, to continuously give one another feedback, and thus improving collaboration. The performance dialog focuses on an intensive dialog in which the employees' professional development can be discussed on an individual basis.

Personnel conferences

Our personnel conferences are based on the performance dialog and give the management the opportunity to continue the dialog on employees' performance and development throughout the organization. At the conferences, we apply uniform evaluation standards, discuss (career) developments, and ensure succession planning on a long-term basis. Development measures may include job rotations, management training, or coaching, for example.

Global corporate talent programs

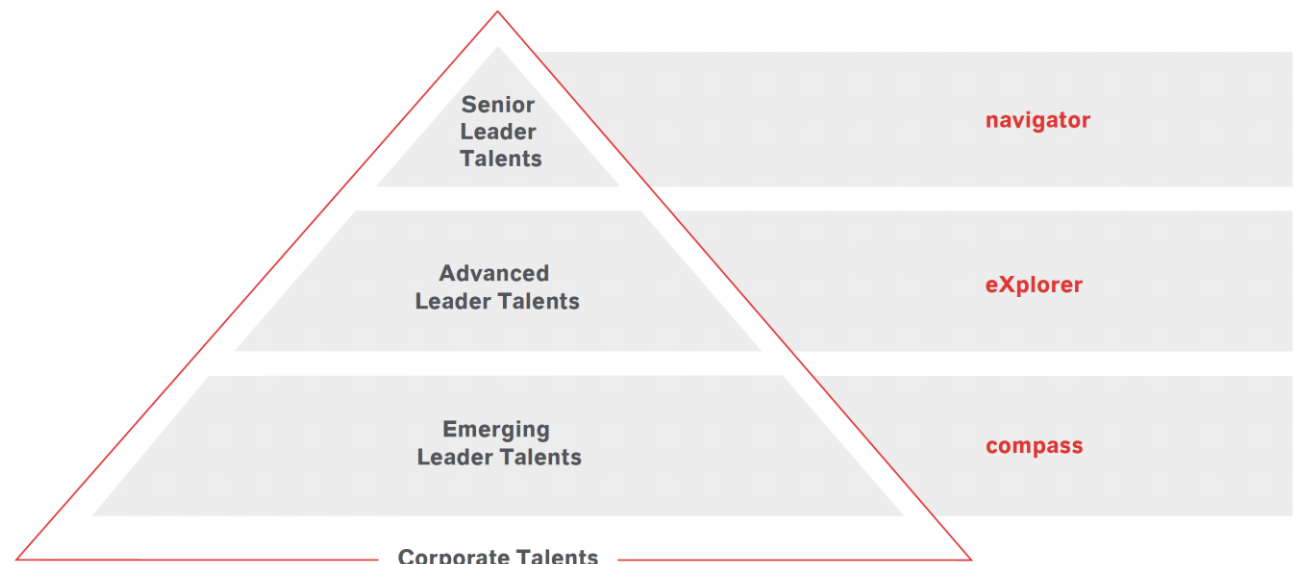
With our corporate talent programs "navigator", "eXplorer", and "compass" we offer talent programs across all divisions and hierarchy levels throughout the Group so as to provide targeted support to particularly high-performing employees who have the potential to fill strategically relevant positions.

Strategic HR planning


For our strategic HR planning, we use digital technologies and algorithms to make data-based decisions for the long-term development of our organization. We use people analytics to analyze large sets of HR data, for example in order to initiate recruitment or succession planning at an early stage and ensure the necessary transfer of knowledge.

This enables us to remain competitive even in a tight labor market. As part of strategic HR planning, we simulate the development of our personnel levels and requirements based on defined job roles in order to identify possible gaps and derive suitable measures such as training, job rotation, recruitment, or transfers. The assumptions we apply when simulating our personnel requirements are based on data that we gain using people analytics, such as retirement age, employee turnover, and other absence. The people analytics functions also help us make our recruitment goal-oriented and attractive. In this way, we can develop tailored training and onboarding offers, increase employee retention, and strengthen our role as an employer of choice.

Global Talent Programs Promote High-performing Employees



Particularly in the context of demographic change, it is crucial for us to attract qualified and talented employees. Our global digital recruitment process and the corresponding software platform help us make the process of addressing and acquiring new talent uniform and transparent.

 Further information on our recruitment system

 Further information on new hires (p. 25-26)

Commitment to young talent

Professional training for young people has always been a high priority for us, both to secure the company’s future and as part of our social responsibility. It forms the basis of our strategy to develop specialist staff for the German locations from within our own ranks. We aim to retain at least 80% of our apprentices after they have successfully completed their training. With a rate of 85% (previous year: 88%), we once again achieved this goal in 2020. Outside Germany (e.g. in Argentina, Brazil, and India), we offer similar programs to cover our requirements for the next generation of employees. Starting from 2022, we will also offer part-time apprenticeships in Germany.



Ongoing target¹: At least 80% of apprentices hired after completing their training



Best practice: Training for graduates

Dual studies: As part of a dual-study program at LANXESS, we offer high school students in Germany with a university entrance qualification the opportunity to obtain academic knowledge while also starting their professional life.

Graduate trainee program: In addition to the initial training program, our international graduate trainee program is another key tool for securing young talent in Germany. Particularly highly qualified Master’s graduates are prepared for challenging specialist and management tasks and can gain valuable experience in Germany and abroad or as part of international projects.

Learning and development offers

Our personnel development focuses on continuously promoting our employees’ potential and skills.

Training

Over 95% of all employees worldwide were given training in 2020. This included basic training, safety training, and further training for career and skills development. On our in-house learning platform, our employees can find relevant training offers and materials.

2020 was the year of virtual learning. Our offers comprised around 9,000 digital learning formats with which we strengthened self-regulated, mobile, and remote learning. Over the course of 2021, LinkedIn Learning was being rolled out – a digital training offer that provides access to more than 15,000 courses in seven languages. Employees receive personalized training recommendations based on the interests they have selected, recommendations by the organization, or industry trends.

In order to keep developing our training offers, ensure their effectiveness, and align them with the organization’s needs, it is essential to evaluate the trainings. For example, they are evaluated using a two-stage survey of the participants. First, the participants assess their training unit immediately after the course, and then after 90 days they receive a second evaluation form. This allows us to capture both short-term satisfaction with the course and long-term learning effects and their impact on the participants’ everyday work, so that we can assess and increase the sustainability of the training offering.

¹ Next review in 2022

Management development

Our managers play a key role in the management and further development of our company. To equip them for this task, we support the targeted development of their skills. In addition to training units in the Group, our global manager development program also includes digital learning formats, reflexive elements such as personality assessments, and social learning such as advice from colleagues and coaching units. The learning content is tailored to the requirements of different management levels. In addition, we promote manager development with needs-based formats such as remote leadership and mindful leadership courses, networking events, and 360-degree feedback followed by coaching.

Social learning

Our employees possess a huge wealth of knowledge. Social learning is therefore becoming increasingly important and is supported by us with various different offers. Combined with personal support, solution-oriented handling of individual concerns, and development of potential, in coaching an external coach acts as a neutral source of feedback and supports the employees with performance management and self-management.

We also promote social learning by way of mentoring. At LANXESS, anybody can be a mentor and use their own expertise to support colleagues with their personal and professional development. Our formal online mentoring platform is currently available to managers at the German locations and in the North and South America region.



Best practice: Sharing knowledge

Happy to Share: Our employees have a huge wealth of knowledge and experience. To make this visible, we regularly offer virtual seminars for sharing knowledge on various topics following the motto “Happy to Share.”

Knowledge transfer in production: Our goal is to ensure that valuable expertise is retained in the company despite demographic changes. To this end, we are working on continuous digital knowledge management that documents knowledge using various different media. Initial pilot projects have been launched for this purpose.

International assignments

Another key component of our systematic personnel development is international assignments. As of the end of 2020, a total of 50 employees, representing roughly 1.5% of our specialists and managers, were employed outside their contract country as expatriates. International assignments not only support the professional development of our employees; they also contribute to intercultural expertise and tolerance and help us understand diversity better.

Recognizing and valuing diversity

We see diversity as a strategic advantage and believe that we have a responsibility to enable all of our employees to shape their professional lives actively. We therefore aim to develop diversity further at LANXESS and take advantage of its positive effects for our company and our employees. An appreciative culture that is equally open to all people helps us to become more innovative and effective and to acquire and retain promising talent. HR processes that promote diversity form the basis for this.



In 2020 we worked to raise awareness of the strategic advantages of diverse teams by means of regular communication in the form of newsletters, internal publications, and campaigns, e.g. for International Women’s Day and the World Day for Cultural Diversity. We managed to reach a large portion of our global workforce in this way. In addition, our employees have access to a wide range of digital learning and training offers on the topic of diversity and inclusion on the LinkedIn Learning platform.

Recognizing and valuing diversity is anchored in our values and our operational and management principles. We expect our employees to value diversity and do not tolerate any form of discrimination, in line with the international labor and social standards of the International Labor Organization (ILO). This is stipulated both in our Code of Conduct for employees and in our Position on Human Rights. In 2020, there were no reports and no knowledge of systematic discrimination against people employed at LANXESS. This covers skin color, age, gender, sexual orientation, ethnicity, religion, physical and mental abilities, membership of trade unions, and political opinions.

 LANXESS Position on Human Rights

 LANXESS Code of Conduct


We are a member of several initiatives emphasizing different aspects of diversity. As a supporter of the Women’s Empowerment Principles (WEPs), the “Charta der Vielfalt” (Diversity Charter), the BeyondGenderAgenda, and the Rhine-Ruhr Diversity Network, we work to help incorporate diversity, equity, and inclusion in German business and globally. The topic is integrated in our Sustainability Committee and in the Board of Management with our People & Governance subcommittee headed by the Labor Director, who also acts as the Diversity Ambassador.

-  Further information on the “Charta der Vielfalt”
-  Further information on the BeyondGenderAgenda


Ensuring equal opportunities


In 2021, we continued to pursue our strategic concept “Diversity & Inclusion” (D&I) for the promotion of diversity, equal opportunities, and inclusion. It is important to us to integrate the topic of D&I comprehensively in all HR processes throughout the employee cycle and to ensure equal opportunities. Our measures start with standardized recruitment and onboarding processes to prevent discrimination. We also address specific target groups and regularly take part in recruitment events that are specially tailored to women, for example. Using our mentoring platform, we can increasingly also form intercultural teams.


Our commitment to strengthening diversity at LANXESS is also reflected in the specific targets we have set ourselves for the inclusion of female and non-German participants in our Group-wide talent programs. With a total of 89 participants in 2020, the rates came to 30% female and 61% non-German participants, meaning that we achieved our target for the reporting year.


 **2022 target:** At least 30% female and 40% non-German participants in LANXESS corporate talent programs

We also measure our progress with regard to various diversity indicators, such as the proportion of women at different hierarchy levels, and have set ourselves the goal of steadily increasing the proportion of women at LANXESS. In the context of the industry in which we operate, these figures can be considered proportionate.

 **2022 target:** 15% women at the first level below the Board of Management

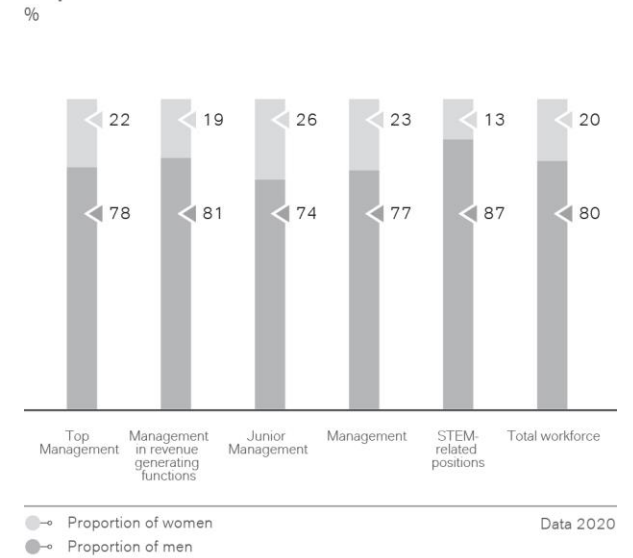
 **2022 target:** 25% women at the second level below the Board of Management

 **2022 target:** At least one female Board of Management member

 **2030 target:** 30% women in management below the Board of Management

As of the end of 2020, we exceeded the target for the proportion of women at the first management level, with a figure of 17.1%². At the second management level, the proportion of women came to 23.4%. We achieved an important goal in the context of gender diversity in 2020: As of January 1, 2020, Stephanie Cossmann, previously head of the Human Resources Group function, was appointed as a Board of Management member and as Labor Director. Our target for the middle and top management was initially 20% women by the end of 2020. With an annual average level of 19.9% as of the end of the year, we almost achieved this target. We are thus observing a positive trend – in 2014, the proportion of women at this level had come to 15.3%, which was around the industry average. Looking ahead to 2030, we have set ourselves the ambitious target of increasing the proportion of women in management to 30%.

Proportion of Women at Different Hierarchical Levels



² Values refer to our ongoing operations.

Networks: Our employees take action

Our staff also take action themselves on the topic of D&I, and we support their involvement. In the USA, a working group called “X-arise” (Against Racial Injustice and Social Exclusion) was initiated by employees in 2020. The group aims to raise awareness of the risk of racially motivated unequal treatment and social exclusion by providing targeted information, and develops action plans where necessary.

In addition, our women’s network in Germany was restructured in 2021. It offers participants a safe space where they can communicate, network, learn from and support one another.

Flexible working conditions

In order to help our employees actively shape their professional lives, we are constantly working to expand and improve our offers in relation to work-life balance. With Xwork – our program for flexible working – we want to enable our employees whose jobs permit this the opportunity to organize their work independently and adapt it to their daily life. Our Xwork models offer flexible concepts with regard to working hours (flexitime, part-time or trust-based working hours, job sharing) and the work location (mobile working and working from home). Our ambitious goal is to derive and implement specific guidelines or corresponding models for flexible working conditions from our global Xwork principles in 95% of all countries where we operate by the end of 2022. At the end of 2020, the coverage ratio was already 75%.



2022 target: Flexible working conditions in 95% of the countries where we operate

Alternatives to full-time work

LANXESS offers its employees and managers various part-time regulations as alternatives to full-time work – as working time models for different life stages. In this way, LANXESS supports compatibility of career, family, and private life, for example for employees on parental leave or those with responsibility for elderly or care-dependent relatives. Part-time work is possible in consultation with the employee’s supervisor.

Since 2019, the “flexitime” model has allowed all non-pay-scale employees in Germany to reduce their working hours to 95%, 90%, or 85%. What is special about “flexitime” is that the volume of working hours resulting from the reduction is converted into full vacation days. These unpaid vacation days can be taken together and combined with regular vacation.

We also allow our managers aged 57 and over to reduce their working hours while still earning the same pay.

For events such as moving house, weddings, births, or a death in the family, we usually grant our employees worldwide paid special leave at short notice, depending on the legal conditions in the respective country.

The legally defined framework for maternity leave and parental leave that is taken for granted in Germany, and similar models in the European Union, are by no means standard all around the world. We therefore promote country-specific models for work-life balance that go beyond the legal requirements at our locations outside Europe.



Further information on our flexible working offers



Best practice: Support with childcare

Childcare: In many municipalities in Germany, it is difficult to find suitable childcare. LANXESS therefore offers its employees childcare places at various daycare centers in and around Cologne and offers support with searching for a suitable childcare option. At our production location in Leverkusen, we offer a daycare center where children can be looked after close to the plant.

Holiday camps: During the six-week summer vacation, LANXESS offers holiday camps for the children of its employees in Germany, thereby easing the burden for working parents.

Engaging our partners

Dialog with chemicals social partners – trade unions and employer associations alike – as a principle of consultation in action is the global practice at LANXESS. As part of this, we also respect the freedom of association of our employees in accordance with the International Labour Organization (ILO) and the Global Compact and comply with collective bargaining agreements. We regularly seek dialog with employee representative committees in Germany, Europe and worldwide, provide information on our corporate objectives and involve employee representatives in organizational changes at an early stage. The latest agenda included, for example, the progress and challenges of digitization in the Group and the changes resulting from the increased use of digital technologies for our employees. Fair dealings with employee representatives and trade unions are also a top priority for us outside Europe.

3. LANXESS: EMPLOYER OF CHOICE

LANXESS aims to be an attractive and responsible employer. We are convinced that measures to strengthen our corporate culture lead to a better business performance, a strong employer brand, and ultimately to long-term corporate success due to increased commitment among our employees. Our goal is to attract candidates who fit with us and our corporate culture. At the same time, we want to offer our employees conditions that encourage them to stay with us in the medium to long term and help fully develop their potential. In summary, we want to be an employer of choice.

Satisfaction and commitment

Regular, structured feedback and analysis of our employees' satisfaction and commitment are important elements for our corporate culture. They allow us to evaluate the experiences of our workforce and initiate measures to attract, retain, and develop the best employees. In a global, Group-wide survey of job satisfaction in 2020, a total of 92% of the participating employees said that they felt committed or very committed to their work.

We also assess the low employee turnover rate on the basis of resignations as an important indicator of our employees' commitment.



Ongoing target³: Employee turnover resulting from voluntary resignations below 3.5%

In 2020, the global employee turnover rate on the basis of resignations came to 2.2%, meaning that we achieved our target. We regularly analyze the turnover pattern by age, gender, and region so that we can identify possible unequal treatment at an early stage and take countermeasures where necessary.



Further information on satisfaction, commitment, and employee turnover (p. 29-30)

In addition to strong commitment and low employee turnover on the basis of resignations, we view our performance in relevant rankings and competitions as another indicator of satisfaction among our workforce and the appeal of LANXESS as an employer.



Best practice: Awards as a top employer

Germany: LANXESS was rated in the “top 1% of German employers” in 2021 as part of the “Leading Employers” study by the Institute of Research & Data Aggregation.

China: In January 2021, LANXESS was named a “Top Employer China” for the fourth time in a row by the renowned Top Employers Institute.


India: In 2020, LANXESS won an award for its HR management from the Indian Chemicals Council.

Brazil: LANXESS Brazil was named as the best company in the chemicals industry in the “Incredible Places to Work” awards for 2020 and 2021. In the overall assessment of all companies, LANXESS earned third place. LANXESS had already taken first place in the ranking of the chemicals industry for the previous year, 2019.

³ Next review in 2023

Corporate volunteering programs

Our understanding of our role as a sustainable employer includes being a good and reliable partner – for our workforce, but also for people living locally and in the respective region. We want to take on responsibility here for the development of the social environment. Our commitment is based on our corporate expertise and objectives, and focuses on the action areas of education, climate protection, water, and culture. Globally, we provided a sum of around EUR 1.5 million for our projects in 2020.

 Further information on our corporate citizenship (p. 47)



Best practice: Engagement in the coronavirus pandemic

As soon as the outbreak of the coronavirus pandemic became known, we immediately made the necessary arrangements to provide disinfectants worldwide. In February 2020, we donated one ton of our disinfectant Rely+On Virkon to hospitals in Wuhan, China. This was followed in April by a total of ten tons for hospitals, authorities, and public institutions in 13 countries around the world. In Germany, we donated the water-soluble powder to the Ministry of Labor, Health and Social Affairs of the state of North Rhine-Westphalia and also supplied a total of 470 schools and public institutions.

We also give our employees the opportunity to get involved beyond their own job role as part of corporate volunteering programs. We believe that volunteering not only has a positive impact on society, but also helps employees develop their personality and leadership skills and enriches our corporate culture with this meaningful work. Within our focus areas, which are based on the SDGs, our employees are already contributing to

- › quality education,
- › clean water,
- › sustainable cities and communities,
- › culture, and
- › climate protection.

Since 2008, we have been supporting education under the umbrella of the LANXESS education initiative. We have initiated more than 500 projects since then at our locations worldwide to get young people interested in science at an early stage. Our employees in Germany enabled high school students to conduct experiments in modern laboratories for a day, under expert supervision. At our locations in Leverkusen, Dormagen, and Krefeld, we initiated four of these events in total in the reporting year.

We promote climate protection with activities including a multi-level energy saving project at a children's home in Mexico City. The children's home "Hogar y Futuro" not only gives children a new home, but also offers lessons to around 300 pre-school children as a non-profit organization. After replacing the wiring and installing an energy-efficient lighting system, we mounted a photovoltaic system on the roof of the home in 2019 and 2020. We also facilitate lessons in which the children learn how to save energy and what possibilities are offered by modern technologies to protect the environment.

In Porto Feliz, Brazil, our Inorganic Pigments business unit is involved in several reforestation projects to protect the climate and water, as well as the living environment of the local population. Over an area covering around 3,000 m² in total, seedlings of local trees were planted by hand in two protected areas at the end of 2020 and another 200 seedlings were planted on the grounds of three schools.

In 2020, we organized a research competition in China for the sixth time in a row, giving it the motto "Clean water for a better life." We use this competition to promote young academic talent while also raising public awareness of the important of water as a resource.

GLOSSARY

Business unit (BU): Our business units are responsible for our operating business. They are grouped together in four segments: Advanced Industrial Intermediates, Engineering Materials, Consumer Protection, and Specialty Additives.

International Labour Organization (ILO): The ILO is a special organization of the United Nations that is tasked with promoting social justice as well as human and labor rights.

Junior Management: Includes all employees at LANXESS with lower management grade. This classification defines their allocation to salary brackets and bonus levels. It is not linked to a management position, but rather to the evaluation of the position.

Lost time injury frequency rate (LTIFR): The LTIFR (known as MAQ [“accidents per million hours worked”] in Germany) is a general accident statistic that determines the total number of reportable occupational accidents for a defined period and presents this in relation to one million working hours.

Management: Regardless of the hierarchical level, all employees with a management grade are classified as management.

Management in revenue generating functions: This includes the share of revenue-generating functions in management (e.g. sales) compared with overall management. Support functions such as HR, IT, legal are not included.

Middle Management: All employees at LANXESS with middle management grade. This classification defines their allocation to salary brackets and bonus levels. It is not linked to a management position, but rather to the evaluation of the position.

STEM positions: Different professions in the fields of science, technology, engineering and mathematics.

Sustainable Development Goals (SDGs): The 17 goals for sustainable development are political objectives of the United Nations (UN). They were adopted in 2015 and are intended to help ensure sustainable development worldwide on an economic, social, and environmental level.

Top Management: Includes the first and second level below the Board of Management (heads of business units and Group functions, regional managers, and employees in senior management positions who report to them directly).

UN Global Compact: A global initiative for corporate governance. The ten principles of the UN Global Compact cover topics including human rights, labor standards, the environment, and anti-corruption.

Women’s Empowerment Principles (WEPs): The Women’s Empowerment Principles are seven principles for empowering women at companies. The WEPs are a joint initiative of UN Women and the UN Global Compact. They are based on international labor and human rights standards and are a key instrument for companies’ implementation of the equality aspects of the 2030 Agenda and the United Nations Sustainable Development Goals.

Xwork: Xwork comprises all the flexible working models at LANXESS. This includes formats that offer flexibility in terms of the work location, as well as programs allowing for a flexible arrangement or reduction of working hours.

“You Matter” program: The full package of benefits that LANXESS offers its employees.



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