

**Annex to agenda item 7 of the virtual Annual Stockholders' Meeting of LANXESS Aktiengesellschaft on May 22, 2025:**

**Further development of the compensation system for the Board of Management members of LANXESS AG**

The currently valid compensation system for the members of the Board of Management of LANXESS AG was last presented to the Annual Stockholders' Meeting in 2021 and approved by a majority of 94.22% of the votes cast. As part of the regular presentation of the compensation system at the 2025 Annual Stockholders' Meeting in accordance with Section 120a Paragraph 1 Sentence 1 AktG, the Supervisory Board conducted an intensive and comprehensive review of the compensation system for the members of the Board of Management with regard to regulatory requirements, market practice and investor expectations.

The review of the compensation structure of the Board of Management has shown that it is designed appropriately. It was viewed very positively by the stockholders, as shown by the approval resolution at the Annual Stockholders' Meeting in May 2021 and the most recent voting results for the annual compensation reports.

As part of the ongoing dialog with investors, the Supervisory Board has carefully analyzed the feedback from previous years and adjusted individual compensation elements accordingly. These changes reflect the expectations of our stockholders and serve to align the compensation structure with market standards and create long-term value for the company. Against this background, the Supervisory Board decided at its meeting on November 6, 2024 to further develop selected aspects of the compensation system and to adjust it in the areas of variable compensation and pensions.

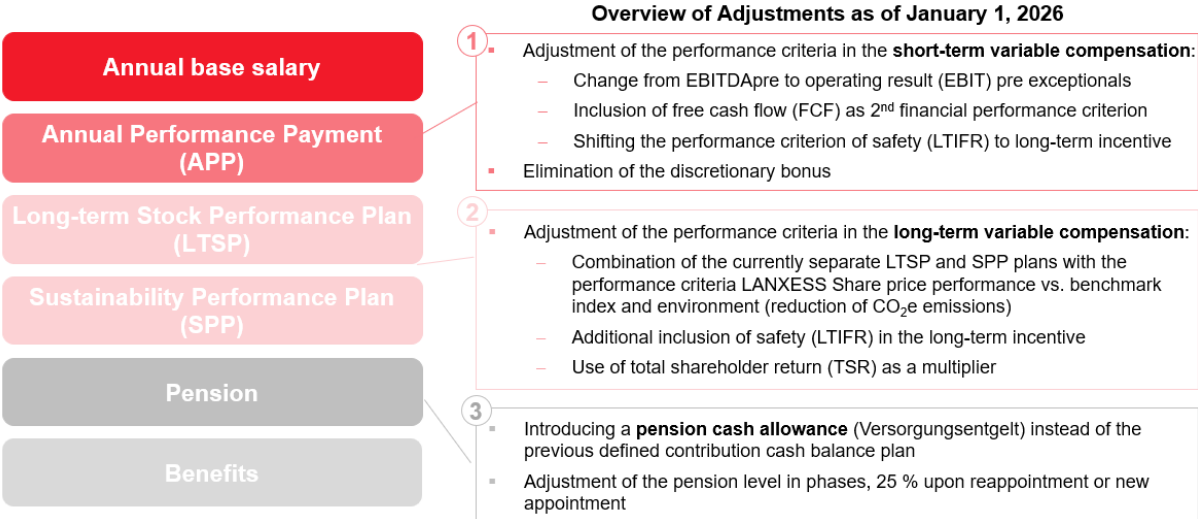
The future compensation system promotes and strengthens the focus on LANXESS' strategic goals: profitability, cash flow, stock price performance and sustainability (environment and occupational safety).

The following key changes were approved (the strategic rationale for the adjustment of the individual components is described in detail in the section "Compensation components in detail"):

- The short-term variable compensation component of the Board of Management, the Annual Performance Payment (APP), will take two financial performance criteria into account in the future. Previously, the APP consisted of a financial performance criterion (EBITDA pre exceptionals of the LANXESS Group) and a non-financial performance criterion (occupational safety with the Group's lost time injury frequency rate (LTIFR: accidents per million hours worked) for accidents with days lost). The financial performance criteria for the 2026 fiscal year will be the LANXESS' Group's operating result (EBIT) pre exceptionals, which accounts for 70% of the individual APP, and the LANXESS Group's free cash flow as the difference between cash inflows from operating activities and cash outflows for investments in property, plant and equipment and intangible assets, which accounts for 30% of the individual APP.

- The ad hoc discretionary bonus to recognize special performance or to create an additional incentive as part of the APP of the Board of Management will be eliminated.
- Within the long-term variable compensation component, the Long Term Incentive (LTI), the Long Term Stock Performance Plan (LTSP) with the performance criterion LANXESS stock price performance against the benchmark index, is currently managed separately from the Sustainability Performance Plan (SPP) with the performance criterion reduction of CO<sub>2</sub>e emissions. As of 2026, these will be combined in one four-year LTI plan. In addition, the Group's LTIFR will be included in the LTI plan as a long-term performance criterion for occupational safety. The weighting of the individual components will be as follows: 70% financial performance criterion, 15% non-financial performance criterion sustainability (environment) and 15% non-financial performance criterion sustainability (occupational safety). In addition, the LTI plan will be supplemented by a multiplier in the form of the total shareholder return (TSR), which will serve as a bracket for the three performance criteria. The maximum LTI payout after taking the multiplier into account is to be limited to 250% of the annual base salary.
- Instead of the previous defined contribution pension agreement, a pension cash allowance with an adjusted, reduced pension level will be introduced for the members of the Board of Management. The Board members' own contribution from deferred compensation amounting to 12.5% or 25% of the APP of the Board of Management will no longer apply with the introduction of the pension cash allowance.

The following overview summarizes the main changes:



Following the approval by the 2025 Annual Stockholders' Meeting, the revised compensation system for the Board of Management is to be applied from January 1, 2026 onwards, both for current Board members' contracts and for re-appointments, as well as for new contracts to be concluded.

## **Principles and objectives of the compensation system**

The compensation system for the Board of Management is geared toward compensating the Board of Management members appropriately in line with their tasks and responsibilities and taking into account the performance of each individual Board of Management member and the company's success. A proven principle of our corporate governance is the collective responsibility of the entire Board of Management for the sustainable success of our company. While many companies set individual targets for members of the Board of Management, we deliberately set consistent financial and non-financial targets as part of our Board of Management compensation system. The reason for this lies in the strategic orientation of our company: our Board of Management members do not work in separate areas of responsibility, but as a cohesive team to implement our long-term Group strategies. Consistent financial and non-financial targets ensure that all members of the Board of Management work towards the overarching well-being of the company instead of focusing on individual objectives that may not be optimally aligned. This shared responsibility promotes close cooperation and prevents conflicts of interest that could arise from individual performance incentives.

LANXESS' consistent compensation structure is therefore designed to incentivize successful work for sustainable corporate development and the achievement of strategic corporate goals, as well as to create long-term value for our stockholders. The focus therefore remains on the principle that long-term compensation components should outweigh short-term compensation components. Overall, the variable compensation system should be predominantly stock-based. The long-term variable performance criteria are based on the company's performance over several years and therefore set long-term behavioral incentives. When structuring the compensation of the Board of Management, the Supervisory Board also puts focus to ensuring that it is as much aligned as possible with the compensation system for senior management levels in order to ensure a uniform incentive effect within the LANXESS management.

## **Process for determining and reviewing the Board of Management compensation**

In accordance with Section 87a AktG, the Supervisory Board resolves to establish a clear and comprehensible compensation system for the members of the Board of Management. The Supervisory Board resolutions on the compensation system are prepared by the Presidial Committee of the Supervisory Board. The Presidial Committee also prepares the Supervisory Board's regular review of the system and the amount of compensation for the members of the Board of Management as well as other personnel decisions to be made by the Supervisory Board. If necessary, it advises the Supervisory Board to make changes to the system.

In accordance with Section 120a Paragraph 1 Sentence 1 AktG, the Supervisory Board presents the compensation system that it has resolved to the Annual Stockholders' Meeting for approval each time a significant change is made, or at least every four years. If the Annual Stockholders' Meeting does not approve the Board of Management compensation system put to the vote, then a revised system is presented for approval at the following Annual Stockholders' Meeting at the latest.

The appropriateness of the compensation is regularly reviewed by the Supervisory Board. In doing so, it uses an independent external personnel consultancy. Such a review most recently took place in July 2024 as part of the revision of the compensation system.

For the market comparison, all DAX and MDAX companies were used as the first benchmark to take into account the criteria of country and size. In order to also take industry-specific factors into account when examining market conformity, a group of 16 chemical companies was used as a second comparative market. The peer group consists of the following companies: AkzoNobel, Arkema, Beiersdorf, Clariant, Covestro, DSM Firmenich, Evonik, Henkel, IMCD, K+S, Lonza, Merck, Solvay, Syensqo, Symrise, Wacker Chemie. These companies were selected by the Supervisory Board on the basis of their comparability in terms of business model, sales, market capitalization and number of employees.

The Supervisory Board also includes other criteria regarding the appropriateness of the compensation system of the Board of Management in its review, in particular the duties of the respective Board member, the strategic priorities, as well as the economic situation and the sustainable development of the LANXESS Group.

In addition, the compensation structure within the company is taken into account with regard to the relation between the compensation of the Board of Management and that of senior management and the workforce. This ensures that incentives are set consistently throughout the entire organization. This helps to ensure that not only the senior management levels, but also the entire workforce, work towards long-term value creation and sustainable corporate success.

To avoid potential conflicts of interest, the members of the Supervisory Board are required to notify the Supervisory Board of all conflicts of interest. In this case, the Supervisory Board members shall not take part in voting on the resolutions for the relevant agenda items. Should a permanent and unresolvable conflict of interest arise, the respective Supervisory Board member shall resign from his or her duties. In the opinion of the Supervisory Board, there are currently no conflicts of interest for Supervisory Board members in connection with the compensation system for members of the Board of Management.

In accordance with Section 87a Paragraph 2 Sentence 2 AktG, the Supervisory Board may temporarily deviate from the compensation system if this is necessary in the interests of the long-term well-being of the company. The compensation system specifies the procedure for the deviation and the components of the compensation system that may be deviated from. In terms of procedure, such a deviation requires an explicit resolution by the Supervisory Board in which the duration of the deviation and the deviation as such, as well as the reason for it, are described in an appropriate form. In particular, the Supervisory Board may decide on temporary deviations from the performance-related variable compensation components, but also deviations from the annual base salary and other compensation components if this is in the interest of the long-term well-being of the company. In the event of deviations from the compensation system due to extraordinary circumstances, the corresponding reasons are published in the following compensation report.

## Overview of compensation components

Effective January 1, 2026, the compensation system contains the components shown in the illustration below.

Overview of the compensation system for the Board of Management and the compensation structure applicable as of January 1, 2026

Compensation components		Weighted	Shares of total target compensation		Share of the annual base salary (target)		Maximum payment in % of the annual base salary	Other components of the compensation system	
			Chairman of the Board of Management	Ordinary Board of Management member	Chairman of the Board of Management	Ordinary Board of Management member			
Variable	langfristig Long Term Incentive (LTI)	Financial performance criterion of the Group (stock price performance)	70%	35%	33%	137.5%	115%	CoC <sup>2</sup>	Claw-Back
		Non-financial performance criterion of the Group (sustainability - environment)	15%						
		Non-financial performance criterion of the Group (sustainability - occupational health and safety)	15%						
	kurzfristig Annual Performance Payment (APP)	Financial performance criterion of the Group (EBIT pre exceptionals)	70%	25%	25%	100%	90%		
		Financial performance criterion of the Group (free cashflow)	30%						
	Fixed	Fixed Compensation	Annual base salary		40%	42%	100%		
Non-cash benefits Pension cash allowance				15%			40% <sup>4</sup>	15%	35% <sup>4</sup>

1) Total Shareholder Return

2) Change of Control

3) Share Ownership Guideline

4) Since September 1, 2023 25% for all (re-)appointments.

The compensation system also contains a claw-back clause as well as a share ownership obligation that requires Board of Management members to invest a defined portion of their compensation in stocks and to hold the stocks for their term of office on the Board of Management ("Share ownership guideline"). In addition, the compensation system comprises a temporary right to extraordinary termination in the event of a change of control with a limited severance regulation. The overview also shows the relative proportions of the individual compensation components within the total target compensation of the Board of Management members.

### Compensation components in detail:

The compensation of the members of the Board of Management comprises fixed, non-performance-related and variable, performance-related elements. In addition to the fixed annual base salary, the non-performance-related compensation includes the pension and non-cash benefits granted.

The short- and long-term variable compensation components Annual Performance Payment (APP) and Long Term Incentive Plan (LTI) are granted as performance-related compensation components. The two variable components, APP and LTI, are based on LANXESS' annual and multi-year performance respectively and thus reward the company's sustainable, value-oriented development.

As of January 1, 2026, the short-term variable compensation component, the APP, is to include two financial performance criteria for the Group, namely operating result (EBIT) pre exceptionals and free cash flow. These will replace the previous performance criteria of the

APP, the Group's EBITDA pre exceptionals and the Group's lost time injury frequency rate (LTIFR: accidents per million hours worked) for accidents with days lost.

The Long Term Stock Performance Plan (LTSP), with the performance criterion LANXESS stock price performance against a benchmark index, and the Sustainability Performance Plan (SPP) with the performance criterion environment (reduction of the Group's CO<sub>2</sub>e emissions), which are currently held separately in the long-term variable compensation component (LTI), are to be combined in a four-year LTI plan from 2026 and supplemented by the performance criterion occupational safety in the form of the Group's LTIFR as a second sustainability component. In addition, the LTI plan is to be supplemented by a multiplier in the form of the total shareholder return (TSR), which will serve as a bracket for the three performance criteria.

The weighting of short-term and long-term variable compensation elements is determined in such a way that the long-term compensation components outweigh the short-term components.

The individual components of the compensation system, which includes an upper limit for the compensation of the members of the Board of Management, as well as the compensation structure are explained in detail below.

### **Annual base salary and non-cash benefits**

The non-performance-related fixed compensation components include the annual base salary and non-cash benefits, which mainly consist of the budget for the use of a company car and employer contributions to health, long-term care and pension insurance. The annual base salary of the members of the Board of Management is market-oriented and aligned with the compensation of the aforementioned peer groups and also takes into account the responsibilities and scopes of duties. It is paid in twelve equal monthly installments as compensation. The non-cash benefits for the members of the Board of Management are limited to 15% of their contractually agreed individual annual base salary.

### **Pension**

The non-performance-related compensation components also include the pension scheme for members of the Board of Management. The previous company pension scheme in the form of a defined contribution pension plan and a personal contribution from deferred compensation from the APP will be terminated when the new compensation system for the Board of Management comes into force on January 1, 2026. The entitlements earned by the members of the Board of Management from the previous pension scheme will remain vested and will continue to develop at the guaranteed interest rate until the benefits fall due. Instead of the defined contribution pension plan, a pension cash allowance with an adjusted, reduced pension level will be introduced for all members of the Board of Management as of January 1, 2026, and will be paid to the members of the Board of Management in a lump sum in cash each month in parallel with their annual base salary. The pension cash allowance will not be included in the calculation basis for the variable compensation components of the members of the Board of Management.

In recent years, many companies in the relevant peer group have revised and reduced the pension benefits of their Board of Management members in order to ensure competitive and

market-standard compensation structures. Adjusting the pension level facilitates a better comparability with other companies and meets the expectations of institutional investors.

From the previous pension level of 56.25% or 50% of the annual base salary, the annual pension payment granted is to be reduced to 40% of the annual base salary for the Chairman of the Board of Management and to 35% for all ordinary members of the Board of Management from January 1, 2026. Since September 2023, the Supervisory Board has already set a reduced pension level of 25% of the annual base salary for new appointments and re-appointments to the Board of Management. As part of the further development of the compensation system, the reduced pension level of 25% in the form of the pension cash allowance is to apply to all new appointments and re-appointments of members of the Board of Management from January 1, 2026. The personal contribution from deferred compensation in the amount of 12.5% or 25% of the Board of Management member's APP will no longer apply with the introduction of the pension cash allowance.

Lowering the pension level leads to a reduction in long-term financial burdens for the company. In addition to the administrative complexity, the switch to a pension cash allowance eliminates all interest and biometric risks for LANXESS when financing a pension scheme.

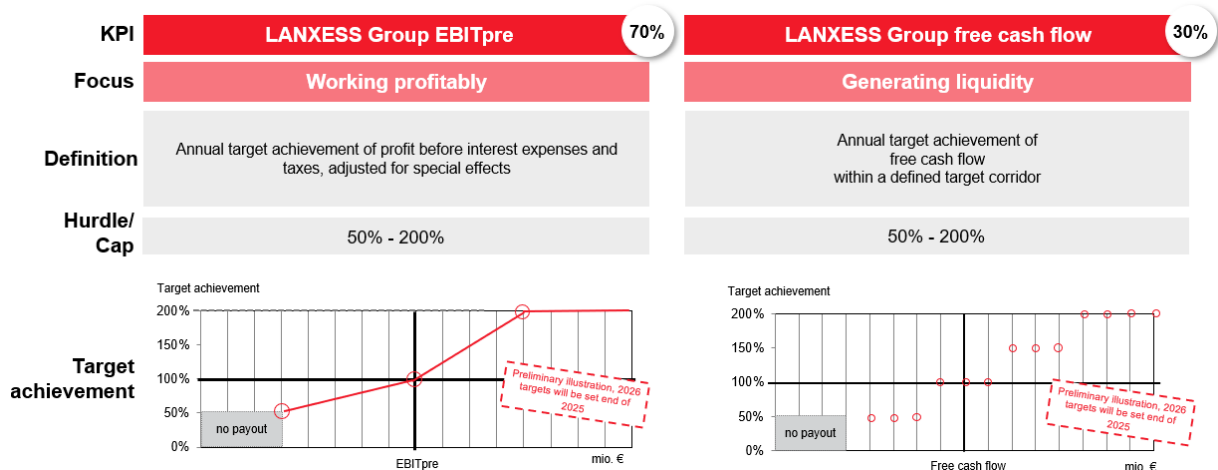
### **Short-term variable compensation**

The short-term variable compensation is intended to reward the contribution of the Board of Management members to the operational implementation of the business strategy during a fiscal year. In order to focus on profitability and liquidity, two financial performance criteria are to be taken into account for the APP for the members of the Board of Management from January 1, 2026:

- The Group's operating result (EBIT) pre exceptionals with a share of 70% of the Board of Management member's individual APP
- the Group's free cash flow with a share of 30% of the Board of Management member's individual APP

The first financial performance criterion is the main key performance indicator for the LANXESS Group in the future, operating result (EBIT) pre exceptionals. In contrast to the previous financial performance criterion EBITDA pre exceptionals, EBIT pre exceptionals adjusts the operating results for depreciation of property, plant and equipment and amortization of intangible assets, as well as reversals of impairment charges on property, plant, equipment and intangible assets; this provides a clearer picture of the actual operating performance of LANXESS. EBIT pre exceptionals shows in greater clarity the actually incurred costs in our production-oriented company.

As a second financial performance criterion, the Group's free cash flow, defined as the difference between the cash inflows from operating activities and the cash outflows for capital expenditures for property, plant and equipment and intangible assets, is also put emphasis on. Free cash flow provides a holistic perspective on LANXESS' financial performance and describes the annual cash inflow that is available for the payment of dividends and the repayment of financial liabilities, among other things. It takes into account investments in plant, machinery and research and is therefore a transparent indicator of LANXESS' financial health and future viability.



The target and threshold values as well as the payout curves of the performance criteria for the APP are determined annually by the Supervisory Board before the start of a new fiscal year in view of the economic situation uniformly for all members of the Board of Management. Subsequent adjustments are generally not possible. Between the target value and the lower or upper limit (0% and 200%), the target achievement curve for the EBIT pre exceptionals follows a linear approach while for free cash flow it follows a step-wise approach.

At the end of the fiscal year, the target achievement for the individual financial performance criteria is determined and combined to form a weighted average (overall target achievement). For ordinary members of the Board of Management, 100% overall target achievement corresponds to 90% of the annual base salary (APP target bonus) in line with the weighting of short-term and long-term compensation in accordance with the compensation system. For the Chairman of the Board of Management, 100% overall target achievement corresponds to 100% of the annual base salary. The percentage of overall target achievement multiplied by the individual APP target bonus results in the APP payout amount for the past fiscal year.



There is no minimum amount to be paid out; if the target achievement falls below a threshold value, the APP is not paid out at all to the Board of Management. The maximum APP payout amount is 200% of the individual annual base salary.

The financial targets of the Board of Management and the target achievement are published in the compensation report after the end of the fiscal year.

Within the APP, the previous compensation system for the Board of Management provided the option of granting an ad hoc discretionary bonus on specific occasions to recognize special performance or to create an additional incentive. This was limited to 20% of the individual annual base salary. No discretionary bonus has been paid out in recent years. As part of the further development of the compensation system, the Supervisory Board has decided to eliminate the ad hoc discretionary bonus as part of the APP from January 1, 2026 in order to

further increase the transparency and comprehensibility of the compensation structure. Instead, the focus will be placed on clearly defined, measurable performance criteria resulting from the variable compensation elements. This meets the expectations of investors with regard to a stronger performance orientation and contributes to further standardization and comparability of compensation.

### **Long-term variable compensation**

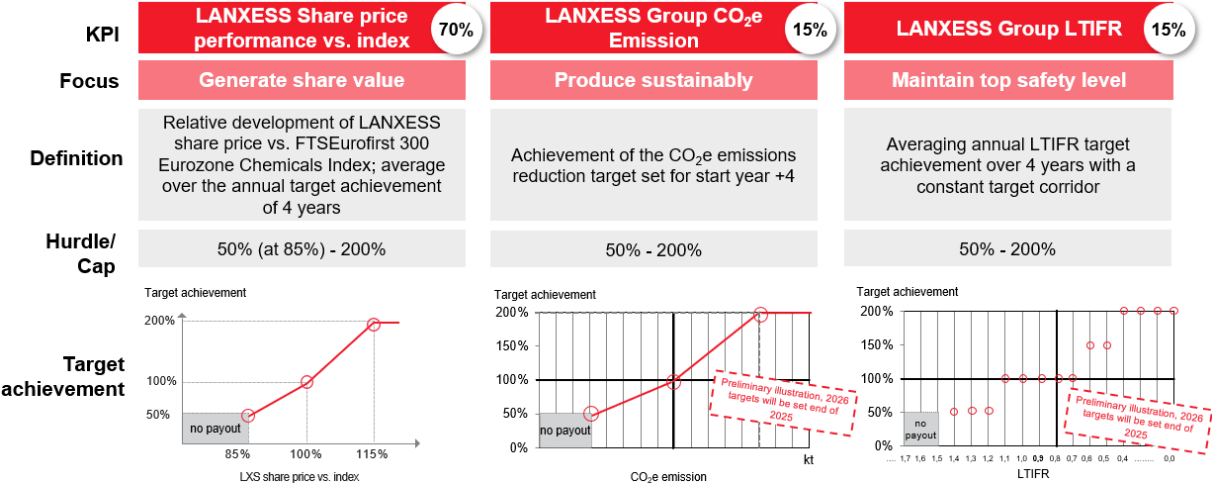
The Board of Management is required to make a long-term commitment to the company and to promote and achieve sustainability. LANXESS sees its strong focus on sustainability as an important aspect of its own competitiveness, not least because customers and consumers are increasingly demanding this in its various facets. Through mechanisms such as the Emissions Trading System (ETS), sustainable production also has a direct influence on LANXESS' financial performance. Overall, sustainability therefore remains an important part of the Group's strategy, which continues to be reflected in the compensation system.

From January 1, 2026, the LTI will consist of three measurable financial and non-financial performance criteria, which will be defined consistently for all members of the Board of Management and paid out annually in cash at the end of a four-year term:

- A performance criterion based on the LANXESS stock price performance against an industry-specific benchmark index (formerly "Long Term Stock Performance Plan (LTSP)") with a share of the individual LTI of 70%,
- a sustainability performance criterion (environment) with the target of reducing CO<sub>2</sub>e emissions (formerly "Sustainability Performance Plan (SPP)") with a share of the individual LTI of 15%, and
- a further performance criterion sustainability (occupational safety) with the target lost time injury frequency rate (LTIFR: accidents per million hours worked) for accidents with days lost with a share of the individual LTI of 15%.

In addition, from January 1, 2026, the LTI plan will be supplemented by a multiplier in the form of total shareholder return (TSR), which will serve as a bracket in addition to the three aforementioned performance criteria. The long-term variable compensation of the Board of Management is therefore predominantly stock-based overall.

The assessment period for all performance criteria is four years. Performance criteria, target values and payout curves are determined by the Supervisory Board. Retrospective adjustment is generally excluded, although M&A transactions completed in a fiscal year may be taken into account retrospectively for the CO<sub>2</sub>e targets.



**Stock-based performance criterion**

The stock-based performance criterion is measured by the stock price development of LANXESS in comparison to a reference index, currently the FTSEurofirst 300 Eurozone Chemicals Index, which continues to best reflect the economic environment of the LANXESS Group.

The performance of the LANXESS stock in relation to the reference index is determined annually over four tranches. At the end of each four-year tranche period, the overall target achievement of the stock-based performance criterion is calculated based on the annual individual values.

Between the target value and the upper or lower threshold, the target achievement curve follows a linear approach. If the average outperformance of the stock is at least 115% compared to the reference index, the maximum target achievement of 200% is reached. If the stock's performance falls below 100% compared to the reference index, the Supervisory Board reserves the right to make reductions. If it drops below 85%, the target achievement for the stock-based performance criterion falls to zero percent.

**Sustainability performance criterion (environment)**

LANXESS acknowledges its responsibility to contribute to combating climate change. To achieve the non-financial performance criterion for sustainability (environment) – reducing emissions and limiting global warming – a non-financial performance criterion for sustainability (environment) is established in the Board of Management’s long-term variable compensation. This criterion is based on LANXESS’ published climate targets and focuses on reducing CO<sub>2</sub>e emissions from the company's own processes and purchased energy (Scope 1 and 2).

The assessment period for the non-financial performance criterion for sustainability (environment) also spans four years. The target and threshold values, as well as the payout curve for this criterion, are determined annually by the Supervisory Board before the start of a

new assessment period, uniformly for all Board of Management members. Between the target value and the lower or upper threshold (0% and 200%), the target achievement curve follows a linear approach. At the end of the assessment period, as of December 31, CO<sub>2</sub>e emissions are measured, and the target achievement is determined based on the payout curve.

#### Sustainability performance criterion (occupational safety)

As a non-financial performance criterion for sustainability (occupational safety), the lost time injury frequency rate (LTIFR: accidents per million hours worked) for accidents with days lost is incorporated into the LTI. This reflects the high importance LANXESS places on workplace safety for employees at its sites. The safety of our employees is our top priority. Chemical production processes can involve risks such as fires, explosions, or the release of hazardous substances. Through comprehensive safety measures, regular training, and a culture of safe working, we minimize these risks and ensure that our employees remain healthy and unharmed. LANXESS' long-term goal is to permanently prevent all accidents.

The assessment period for the non-financial performance criterion for sustainability (occupational safety) also spans four years. The target and threshold values, as well as the payout curves for this criterion, are determined annually by the Supervisory Board before the start of a new assessment period, uniformly for all Board of Management members. The target achievement is determined annually so that the average of the target achievement values over the four-year period constitutes the overall target achievement, which is reported to one decimal place at the end of the assessment period. This approach ensures that maintaining a high level of occupational safety remains equally relevant throughout all years of the assessment period. The target achievement curve follows a step-wise approach to preserve the existing positive reporting culture for incidents.

#### Multiplier total shareholder return (TSR) and overall target achievement

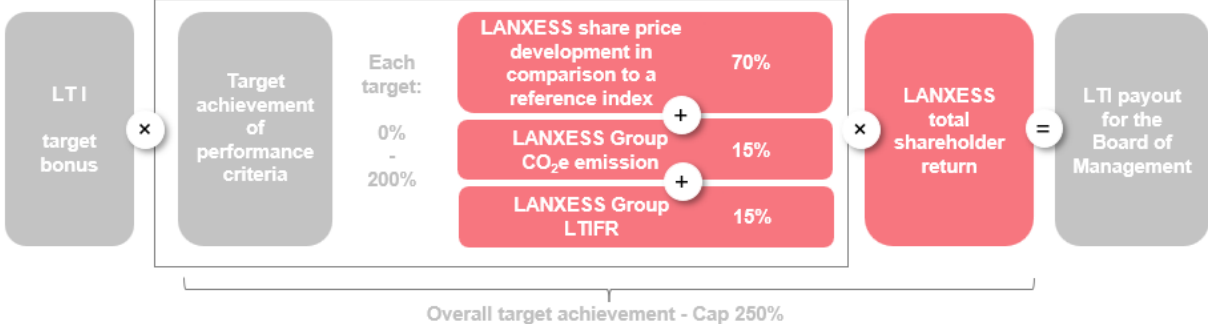
LANXESS aims to achieve sustainable value creation. Against this background, the further developed compensation system for the Board of Management links the LTI as a whole to the long-term performance of the LANXESS stock. After the four-year assessment period, the target achievement for the individual performance criteria is determined and consolidated into a weighted average (target achievement of the performance criteria). This target achievement is then multiplied by the TSR multiplier.

By comparing the LANXESS stock price at the end of the four-year performance period – plus the total dividends paid during this period – with the LANXESS stock price at the beginning of the performance period, the TSR represents the total return investors have achieved with LANXESS stocks over a defined period. The inclusion of dividend payments aims to prevent setting wrong incentives to reduce dividend payments during the assessment period in favor of potentially better stock price performance.

The TSR multiplier can increase or decrease the target achievement of the three performance criteria, emphasizing the importance of generating long-term financial value.

For ordinary members of the Board of Management, a 100% overall target achievement corresponds to 115% of the annual base salary (LTI target bonus) in line with the weighting of short- and long-term compensation under the compensation system. For the Chairman of the Board of Management, a 100% overall target achievement corresponds to 137.5% of the

annual base salary. The percentage of overall target achievement multiplied by the individual LTI target bonus determines the bonus payout amount for the completed assessment period.



While the maximum target achievement for the three LTI performance criteria remains at 200% each, the maximum LTI payout, after applying the TSR multiplier, is capped at 250% of the individual LTI target bonus (payout cap). A payout cap of 250% is commonly applied in the mentioned peer markets. This is intended to align the interests of stockholders and management, ensuring that in the event of very strong performance of the LANXESS share, both stockholders and members of the Board of Management, as well as other senior managers participating in the LTI plan, benefit from the increase in the company's market value. At the same time, the LTI payout decreases accordingly in the case of negative TSR development, reflecting the stockholder perspective.

The LTI payout is made in the following fiscal year after the end of the respective four-year assessment period.

**Compliance with maximum compensation**

In accordance with Section 87a Paragraph 1 Sentence 2 No. 1 AktG, the Supervisory Board has set an absolute amount in euros as the maximum compensation to limit the total amount of compensation that can be granted in a fiscal year. The maximum compensation includes all fixed and variable compensation components that arise taking account of the performance achieved in full in the fiscal year.

For the Chairman of the Board of Management, the maximum compensation is EUR 9.8 million per fiscal year, and for ordinary members of the Board of Management, it is EUR 4.4 million per fiscal year each.

**Share Ownership Guideline**

The Share Ownership Guideline (SOG), in place since 2018 and revised in 2020, stipulates the amount that the members of the Board of Management must invest in LANXESS AG stocks. Over a period of four years, the members of the Board of Management are obliged to invest a defined percentage of their annual base salary in stocks of LANXESS AG and hold the stocks until the end of their employment contract (SOG target). The acquisition and holding are reviewed annually. The SOG target, as is the market standard for DAX and MDAX companies, is 150% of annual base salary for the Chairman of the Board of Management and 100% of annual base salary for the ordinary members of the Board of Management. Each accumulation year, 25% of the SOG target must be built up. The required investment is

determined individually for each accumulation year based on the annual base salary applicable at the beginning of that year and communicated accordingly. The relevant factor for the investment in each accumulation year is the purchase price of LANXESS AG stocks, excluding bank commission. Members of the Board of Management are entitled to contribute existing LANXESS AG stocks. Compliance with this obligation must be documented annually during the four-year setup phase and then every three years thereafter. Any dividends from the LANXESS stocks acquired belong to the members of the Board of Management. Otherwise, the dividend payment will not have an effect on the compensation for the members of the Board of Management.

### **Clawback regulation**

There is a clawback regulation for the variable compensation. This provision allows the Supervisory Board to withhold, either in full or in part, the variable compensation for assessment periods in which a relevant breach of duty occurred by a member of the Board of Management, or to demand a refund if the payment has already been made, in cases of serious misconduct. Regardless of this, in the event of harmful misconduct by a member of the Board of Management, the legal provisions allow for the reduction of payouts or recourse. Any claims for damages against members of the Board of Management remain unaffected.

In addition, the Supervisory Board continues to reserve the right to also reduce the APP in the event of serious occupational safety and/or environmental problems.

### **Contract terms and termination of service on the Board of Management**

The Supervisory Board follows German stock corporation law and the recommendations of the German Corporate Governance Code (DCGK) when appointing Board of Management members and determining the duration of their contracts. In the case of an initial appointment to the Board of Management, the appointment duration and the duration of the service contract are typically three years. For re-appointments, the maximum duration is five years. The same applies to the associated service contract. The respective service contracts are concluded for a fixed term and end upon expiration without a separate notice period. In the event of a change of control at LANXESS, the members of the Board of Management have a time-limited special termination right as described in the following section. This is without prejudice to the right of both parties to terminate the contract for cause. The service contracts of all Board of Management members include a general cap on any severance payment (severance cap).

In the event of early termination of the Board of Management position by the company, severance payments must not exceed the value two annual base salaries, plus two Board of Management's APP at 100% target achievement and 0.8 LTI at 100% target achievement, provided that in no case must they exceed the remaining term of the contract.

In principle, no severance payment is provided if any Board of Management member resigns from the mandate voluntarily or if the company terminates the service contract for cause.

## **Change of Control**

Payments in the event of termination of a Board of Management member's service contract due to a change of control are capped at two annual base salaries, plus two Board of Management's APP at 100% target achievement and 0.8 LTI at 100% target achievement, accounting pro rata for the remaining term at the date of contract termination. The entitlement to severance pay arises only if, as a result of the change of control, the scope of the Board of Management member's duties changes significantly to their detriment within six months, and the Board of Management member resigns with a six-month notice period after the conditions are met.

## **Signing bonus**

As a rule, LANXESS does not pay a signing bonus.

## **Post-contractual restrictions on competition**

Post-contractual restrictions on competition are not concluded for current members of the Board of Management. However, an agreement on competition restrictions may be concluded for the period after the end of the service contract. In this case, the severance payment is to be counted toward the compensation for observing this restriction in accordance with the GCGC.

## **Compensation from secondary employment**

If members of the Board of Management hold Supervisory Board mandates or similar duties in subsidiaries in which LANXESS holds a direct or indirect stake, or in associations and similar organizations that the company belongs to or is affiliated with on the basis of its business activities, the agreed annual base salary represents full and final compensation for this activity. Compensation paid for the aforementioned duties must be reported to LANXESS and will be deducted from the agreed payments.

Supervisory Board mandates and mandates in comparable controlling bodies of commercial enterprises outside the LANXESS Group can be accepted only with the prior consent of the Supervisory Board. In these cases, the Supervisory Board will also decide whether and to what extent the corresponding compensation is to be offset.