

BACKGROUND PAPER

WORKING AT LANXESS

LAST UPDATE: JUNE 2024

LANXESS
Energizing Chemistry

MANAGEMENT SUMMARY

As a global company with around 12,600 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)

At LANXESS, the concept of Diversity & Inclusion stands for the enriching mix of different nationalities, cultures and life experiences. One of our central goals is to increase the proportion of women in the company.

- 🎯 **2027 target:** 25% women at the first level below the Board of Management
- 🎯 **2027 target:** 28% 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-oriented performance culture with five central values: respect, ownership, trust, professionalism, and integrity. These values always apply everywhere – for all of the roughly 12,600 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 Social & 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 and care for our employees 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. The LANXESS Code of Conduct and the corresponding internal guidelines define expectations for the behavior of our employees in the area of occupational safety.

-  LANXESS Corporate Policy
-  LANXESS Position on Human Rights
-  LANXESS Code of Conduct

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 way, compliance with occupational safety on the part of all employees and the associated avoidance of accidents, has a direct influence on this remuneration component. This reflects the high importance of the safety of our employees and locations. 20% of the short-term variable remuneration is tied to safety performance indicators in the respective year.

 Further information on remuneration of the Board of Management since 2021

Xact: Global initiative for more safety

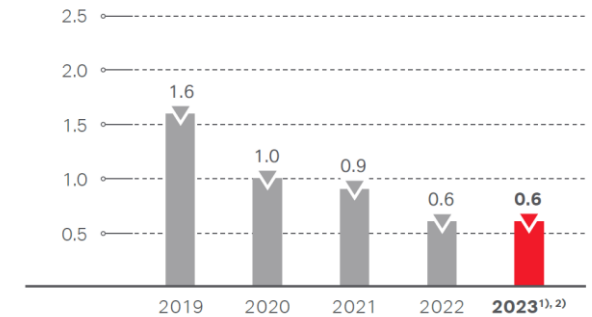
Our ambition is to make our production safe, sustainable, and thus competitive in the long term in every respect. Organizational responsibility for this lies with our Production, Technology, Safety & Environment (PTSE) Group function, whose head reports directly to the Board of Management. PTSE defines 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 gradually further developing our safety culture. 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 per million, by at least half by the end of 2025 compared to 2.0 in 2016.

 **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
2) LANXESS total: 0.6

In 2023, the LTIFR came to 0.6, so that we were able to confirm our already very good level of the previous year. We have thus reached our 2025 target of <1.0 for the second time in a row. We continue to work diligently to stabilize this level and to keep the MAQ below 1.0 in the long term. 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 chemical group, the safety of our plants and processes is a top priority. Every year, the international CEO Safety Award honors particularly successful initiatives and contributions to occupational safety at LANXESS. In 2022, the PTSE team in Thane (India) received the award for their safety concept for hazards caused by restricted air circulation. Working in confined spaces is considered a high-risk activity. This is because potential hazards such as oxygen deficiency, toxic or explosive atmospheres, and/or high altitudes create challenging working conditions. Parts of the safety concept include the identification of the respective hazards of the confined spaces, training plans, provision of suitable rescue tools and practice-oriented simulation training for rescue teams.

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, nutrition-related offers and impulses for mindfulness.

 Further information on our health offers

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”.

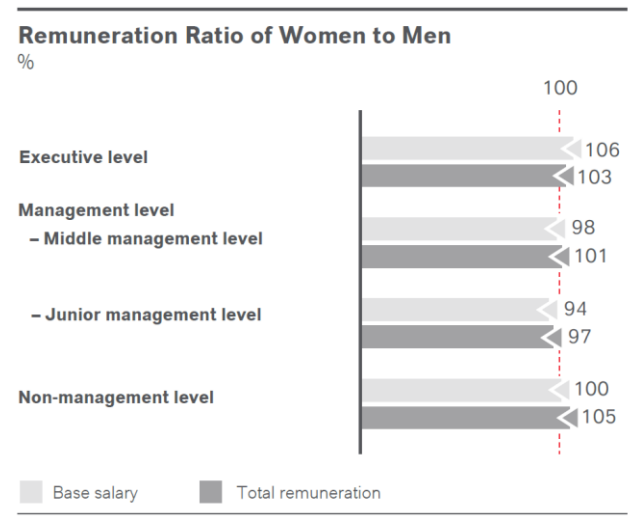
[Further information on the WEPs](#)

The difference between average pay for men and women at LANXESS is less than +/- 6% for all individual levels. 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 2023, we were included for the third time as one of 484 companies in the Bloomberg Gender Equality Index (GELI), which recognizes achievements and reporting in the area of gender-specific wage equality, among other aspects.

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



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 2023 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.

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 annual performance dialog. This group-wide format for the performance evaluation of our employees helps our managers and their employees to compare their mutual expectations with regard to tasks, goals, responsibilities, and behavior 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. The assessment is also about how goals are achieved. This promotes our corporate culture with its values: respect, responsibility, trust, professionalism and integrity.

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 "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.

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. 42-44)

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 79.55% (previous year: 85%), we just missed this goal in 2023. Outside Germany (e.g. in Argentina, Brazil, and India), we offer similar programs to cover our requirements for the next generation of employees. In 2022, we also offered part-time apprenticeships for the first time in Germany.



Ongoing target: 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 received training in 2023. 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.

In 2023, our focus in the area of Learning & Development was on expanding digital learning opportunities. We held some training courses as face-to-face events again, but also continued to develop virtual formats. Experience in recent years has shown us that hybrid formats produce the best results, as they offer our employees flexibility for their own further training and support the expansion of our network at the same time. Our digital learning platform "LinkedIn Learning", which was successfully launched in 2021, was rolled out internationally in the reporting year. As a result, our employees now benefit from more than 21,000 additional digital learning opportunities for professional and interdisciplinary development and to strengthen future skills. In 2023, LinkedIn Learning was able to support employees in the effective use of the newly introduced Microsoft 365 applications. Our internal network comprises 70 LinkedIn Learning curators who develop customized learning paths to increase the quality of digital learning.

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.

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 management 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 by offering 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, an external coach acts as a neutral source of feedback to develop the employees' ability to reflect and thereby help supports the employees to increase their performance management and self-management.

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

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 sessions 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. Our knowledge transfer program, which includes expert debriefings, learning tandems and a company-specific knowledge database ("Plant Wiki+"), received the "HR Excellence Award" at the end of 2021.

International assignments

Another key component of our systematic personnel development is international assignments. As of the end of 2023, a total of 33 employees, representing roughly 1% 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 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. We take a holistic view of D&I, looking at all relevant dimensions.


In 2023, we continued to offer managers and employees within the framework of events the "Simply do it" performance culture series or the "Performance Dialogue Impulse" to raise awareness of unconscious thinking patterns and prejudices.

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 2023, there were again 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) 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 Social & Governance sub-committee.

 [Further information on the "Charta der Vielfalt"](#)

 [Further information on the Rhine-Ruhr Diversity Network](#)

Ensuring equal opportunities

In 2023, 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 our Group-wide talent programs. In 2023, we exceeded the non-extended target. With a total of 93 participants in 2023, the rates came to 338% female (2022: 28%) and 56% non-German participants (2022: 55%).

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.

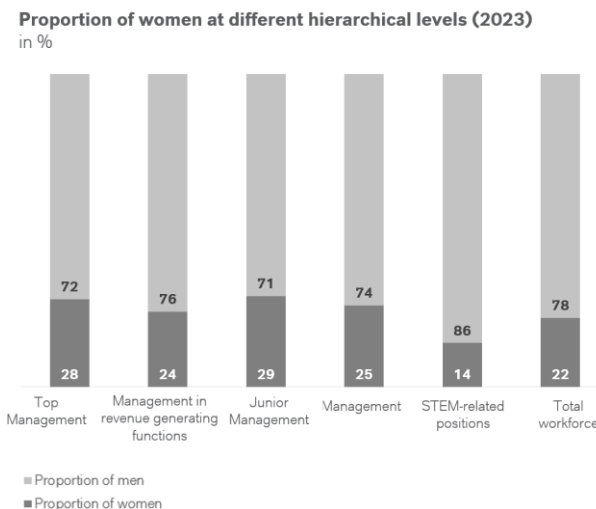
2027 target: 25% women at the first level below the Board of Management

2027 target: 28% women at the second level below the Board of Management

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

Since April 2023, Ms. Frederique van Baarle has been a female member to the Board of Management of LANXESS AG.

In April 2022, the Board of Management adopted new targets for the proportion of women at the two management levels below the Board of Management. According to these targets, the proportion of female employees is to be at least 25% at the first level and 28% at the second level below the Board of Management by June 30, 2027. In the 2023 financial year, the proportion of women at the first management level below the Management Board was 23.1% and 28.4% at the second level below the Management Board. The target of 28% was therefore even exceeded. Beyond the statutory we have set ourselves further targets: Among other things, we would like to have at least 30% management positions to be held by women by the end of 2030. At the end of 2023, the proportion of women in management was 26.1% (previous year: 25.2%).



Networks: Our employees take action

Networks can make an important contribution to promoting diversity, equal opportunities and inclusion.

WInX - our global LANXESS Women Initiative - connects women at LANXESS across national borders. As part of this initiative, virtual, hybrid and face-to-face events were held internationally where participants were able to exchange ideas. With a "Male Ally Workshop", the Women's Network Germany showed that the commitment of male employees to gender diversity and gender equality is also important. The workshop gave rise to the "HeFor-WInX" network group for committed men who will support the women's network in future..

In the USA, a working group called "X-arise" (**A**gainst **R**acial **I**njustice and **S**ocial **E**xclusion) 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.

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 was 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. The coverage rate is currently at 96%.

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. In Germany, for example, parents are entitled to a total of 14 months of basic parental allowance. The months are freely divisible - one parent can claim a minimum of two and a maximum of twelve months for themselves. 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.

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 UN 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, Continuing the dialog on jointly shaping the work of the future (including digitization and the introduction of new IT systems). 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 employee turnover rate on the basis of resignations as an important indicator of our employees' commitment.


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.



Ongoing target¹: Employee turnover resulting from voluntary resignations below 3.5%.

In 2023, the rate of employee turnover based on self-termination was 39% globally (previous year: 4.4%), which unfortunately means we missed our target for this year. Retaining employees, especially talent, is increasingly becoming a challenge as the labor market is clearly changing into an employee market. It is therefore becoming increasingly important in terms of HR strategy to retain skilled employees in the company. Accordingly, we are also intensifying our employer branding internally and, for example, gearing it individually to the different age groups in the company. We also create a strong sense of belonging among our workforce through various opportunities to network internally with one another, and are expanding these opportunities in a targeted manner.

In Germany, the voluntary turnover rate was 2.6% (previous year: 2.8%). The rate of employees who left the company at their own request within the first three years of employment (early turnover) averaged 1.3% worldwide in the reporting year (previous year: 1.7%).

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

In addition to strong commitment and relatively 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

China: In January 2022, LANXESS was named a "Top Employer China" for the fifth time in a row by the renowned Top Employers Institute.

Brazil: In 2023, LANXESS Brasil has been awarded the best place to work in the chemical and petrochemical industry with the "Incredible Places to Work" for the fourth time in a row.

¹ 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 0.3 million for our projects in 2023.

 Further information on our corporate citizenship (page 30)



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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