

SUSTAINABILITY

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Commitment to Sustainable Transformation

Even in challenging times, our commitment to sustainability does not change. We see it as a long-term transformation that we drive forward according to a clear roadmap – even in phases of geopolitical instability and a tough economic environment. Progress in the field of sustainability makes our company more resilient and promotes our future viability, so that we can successfully master challenges and crises.

Our mission is the transformation to circular, climate-neutral value creation – which must also be fair and safe. We recognize the fundamental importance of biodiversity for the wellbeing of humankind and the plant and animal kingdom, as well as for economic sustainability. As a specialty chemicals company, we rely on a wide range of vital ecosystem resources and services. At the same time, we are aware that our business activities create opportunities and potential risks for biodiversity.

Thinking and acting sustainably and in an integrated manner supports our business goals in a variety of different ways – from higher resource efficiency to good relationships with our stakeholders, increased risk awareness, and permanently advantageous cost structures. The quality of our company is also demonstrated by the social impact of our entrepreneurial activities. Our facilities, locations, and products must have a measurable, sustainable benefit for the community.

Internationally recognized standards and frameworks give us valuable guidance in this transformation process:

- › With 2030 Agenda for Sustainable Development, the United Nations has established the basis for global economic progress in harmony with social justice and within the Earth's ecological limits. The specific goals of the Agenda are set out in the Sustainable Development Goals (SDGs).
- › The U.N. Global Compact is the world's biggest and most important initiative for responsible corporate governance. Based on ten universal principles, it pursues the vision of an inclusive and sustainable global economy for the benefit of all people, communities, and markets. As a signatory, we recognize these principles as inalienable rights.

- › The term "Responsible Care®" stands for the chemical industry's goal of achieving progress with safety and environmental protection, regardless of the legal specifications. We have documented our commitment to the visions and ethical concerns of this initiative from the International Council of Chemical Associations (ICCA) by signing the Responsible Care® Global Charter.
- › Among the internationally recognized principles of business activity to which we are committed are the employment standards of the International Labour Organization, an agency of the United Nations. These are aimed at upholding globally recognized social standards and thereby improving working and living conditions for all people.

The Ten Principles of the U.N. Global Compact



Human rights

Businesses should ...

- 1 ... support and respect the protection of internationally proclaimed human rights.
- 2 ... make sure they are not complicit in human rights abuses.



Labor

Businesses should ...

- 3 ... uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 ... uphold the elimination of all forms of forced and compulsory labor.
- 5 ... uphold the effective abolition of child labor.
- 6 ... uphold the elimination of discrimination in respect of employment and occupation.



Environment

Businesses should ...

- 7 ... support a precautionary approach to environmental challenges.
- 8 ... undertake initiatives to promote greater environmental responsibility.
- 9 ... encourage the development and diffusion of environmentally friendly technologies.



Anti-corruption

Businesses should ...

- 10 ... work against corruption in all its forms, including extortion and bribery.

The 17 Sustainable Development Goals



As “Agenda 2030,” the Sustainable Development Goals (SDG) in particular provide important guidance. We must understand precisely how our priorities – formulated in the material topics – relate to the priorities of the international community. The analysis of our impact on the SDGs has shown that we are creating societal value and have a positive impact on many SDGs. At the same time, however, the challenges are also made clear – for example in the fields of climate protection and occupational safety.

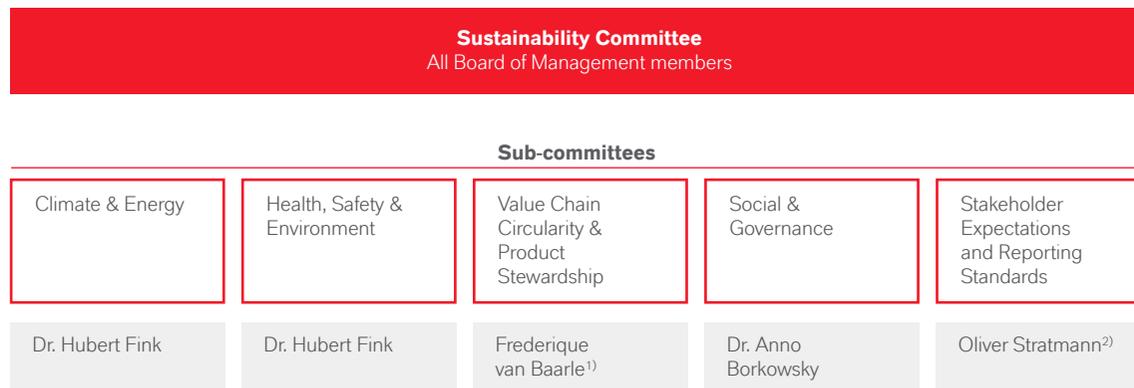
[Further information on our contributions and the effects of our business activity in relation to the SDGs](#)

The “Global Transition Award” awarded to us by “Handelsblatt” and our nomination for the German Sustainability Award in the reporting year are proof that our transformation is making good progress.

NFR Audited disclosures of the LANXESS Group that are included in the 2023 non-financial Group report

SUSTAINABILITY MANAGEMENT

Sustainability-Related Committees and Board of Management Responsibilities



1) Dr. Anno Borkowsky until March 31, 2023
2) Michael Pontzen January 1, until August 31, 2023

In order to consistently pursue our sustainability targets, we established a new committee structure back in 2021. The top decision-making body is the **Sustainability Committee**, which manages all key issues relating to sustainability. Its members include all members of the Board of Management. Five sub-committees report to the Sustainability Committee, which deal with various focal points of our sustainability strategy and are each headed by a Board of Management member:

- › “Climate & Energy” sub-committee – implementation of the LANXESS “Climate Neutral 2040” climate program
- › “Health, Safety & Environment” sub-committee – development of safe production sites

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- › “Value Chain Circularity & Product Stewardship” sub-committee – promotion of sustainable products and value chains
- › “Social & Governance” sub-committee (previously “People & Governance”) – coordination of issues of LANXESS’s corporate and social responsibility
- › “Stakeholder Expectations and Reporting Standards” sub-committee – fulfillment of external reporting standards and stakeholder management

The “Sustainability Committee” adopted several new sustainability topics in the reporting year:

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1. We reduced our Scope 3 interim goal for 2030 from 16.5 million metric tons to 11 million metric tons and received updated verification of our climate goals from the Science Based Targets initiative (SBTi) in January 2024.
2. Numerous new products, for example from the Lewatit® range, were awarded the Scopeblue® label.
3. A new 2024/26 product roadmap was approved after achieving the target of establishing action plans for all [roadmap products](#) up to and including 2023.
4. We launched a cross-functional CSRD project to meet the broader reporting obligations of the EU’s Corporate Sustainability Reporting Directive (CSRD).

Other key aspects of sustainable action in our view are compliance with and the continual development of our values, rules and standards as well as forward-looking risk management.

[Further information on corporate governance at LANXESS](#)

[Further information on risk management at LANXESS](#)

We also guarantee responsible business activity with our integrated management system, on which we report in detail in the “Safe and Sustainable Sites” section.

DIALOG FOR THE FUTURE

The successful transformation of our industry along the entire value chain is possible only in continuous exchange and close cooperation with our stakeholders. Relevant stakeholders for LANXESS are groups, institutions, and individuals with whom we maintain a direct or indirect relationship through our business activities and who therefore have an interest in our actions. Our main stakeholder groups are customers, capital market representatives, suppliers, the media, and representatives from politics, public authorities, and non-governmental organizations (NGOs).

We are in intensive exchange and contribute actively to dialog and cooperation formats, especially with regard to the major transformation issues climate protection and circular economy. For example, LANXESS is one of only a few companies from the chemicals industry that is a founding member of the BDI Circular Economy initiative, a platform for dialog between business, politics, science and society in order to jointly develop tools to promote the market for recycled raw materials and unlock potential for waste prevention. The World Business Council for Sustainable Development (WBCSD), which we joined at the beginning of 2020, is another important dialog forum for LANXESS. The WBCSD is a global, CEO-led organization committed to accelerating the pace of change toward a more sustainable world.

Globally, we are also involved in the International Sustainability and Carbon Certification (ISCC) initiative. This multi-stakeholder initiative is governed by an association with more than 175 members. We will support the further development of the ISCC standards on the road to a sustainable, climate-neutral and circular economy.

[Further information on the topics and dialog forums for each relevant stakeholder group](#)



SYSTEMATIC PRIORITIZATION OF SUSTAINABILITY TOPICS

Everything LANXESS does must have due regard for our strategic guidelines, the relevant interests of our stakeholders, and the material effects of our actions on our company and society. A materiality analysis in line with the requirements of the Global Reporting Initiative (GRI) helps us to systematically prioritize the wide range of action areas and use resources as effectively as possible. It is based on four principles: sustainability context, materiality, completeness, and inclusion of stakeholders.

Based on a comprehensive materiality analysis, we condensed the number of our sustainability topics from seven to five in 2021, sharpening the focus on important new topics such as the circular economy. The five main topics were confirmed by the Sustainability Committee



following a review in the reporting year and, after close examination, provided our relevant management framework again in 2023. They also influence the structure of our external reporting on the topic of corporate responsibility. Our review of the material topics in the reporting year also considers the double materiality perspective. This shows how our activities impact different sustainability aspects (“inside-out perspective”) and how sustainability topics, such as climate change, influence LANXESS (“outside-in perspective”).

In addition to our materiality analysis, we came up with a definition of materiality for the non-financial Group report – the contents of which are integrated into this section of the Annual Report and distinctly identified – in accordance with Section 289c, Paragraph 3, Sentence 1 of the German Commercial Code (HGB). The non-financial report contains disclosures that are necessary in order to understand the business performance, the business results, the position of the Group, and the effects of our activities on non-financial aspects. For us, this means environmental issues, employee and social issues, human rights, and anti-corruption, as shown in the [“About this Report” section on page 250](#).



Material Topics



Circular and Sustainable Sourcing

Our increasingly circular value chains start from a diverse, sustainable raw material portfolio. We engage with our suppliers and relevant stakeholders to improve working and environmental conditions in the global supply chains.



Safe and Sustainable Sites

LANXESS manufactures sustainable products at competitive and sustainable chemical sites. Continuous process improvements and investments are fundamental for our success. We care about the communities of which our sites are a part.



Climate Action and Energy Efficiency

For us, climate action based on efficient energy use is the right thing to do for society and also a key to delivering financial performance in the long term. In 2040, LANXESS is to be a climate-neutral company.



Good Governance and Energized Employees

We aim to be an attractive employer and to develop peoples' full potential throughout their professional lives. To this end, we create a motivating working environment for all employees, striving for high engagement and impact. We nurture and promote a value-based, performance-oriented culture.



Sustainable Products

We systematically evaluate the sustainability of our portfolio and consider sustainability criteria in the development of products and applications. We have long-term relationships with our customers, drive innovation together and help them to make their business sustainable.

As part of our management of opportunities and risks, we have implemented a wide range of risk-mitigating measures. With regard to the aspects defined as relevant for the non-financial Group report, a net risk analysis shows no material risks in connection with our own business activities or with business relationships, products, and services that are very likely to have serious negative effects.

 [Further information on the opportunity and risk management system](#)



We have formulated specific goals for all key topics. Some of the variable compensation of the first and second management level below the Board of Management depends on the extent to which certain targets for CO₂e emissions in Scope 1 and Scope 2 and for the lost time injury frequency rate (LTIFR) are achieved. The current goals and indicators for all key topics ensure that our sustainability profile is systematically developed and refined. New or adjusted goals are assessed and confirmed by the relevant committees (sub-committees and/or the Sustainability Committee), for example in connection with the adjusted Scope 3 target.

LANXESS Sustainability Goals

Topic	Goal	Indicator	Deadline	Status quo 2023	SDG	Page
Circular and Sustainable Sourcing					1, 8	
Establishment of a systematic sustainability risk analysis to evaluate all suppliers	Status inquiry to identify relevant suppliers with high risk level	Share of suppliers evaluated	2023	Risk tool reflects all trading partners globally for all countries and categories. Risk assessment has been conducted and 15 High Risk suppliers have been audited in 2023, based on the evaluation.		19–21
Identification and reduction of sustainability risks in the supply chain	Differentiation of risk score by goods group/country (levels 1–6)	Sustainability risk score	2023	Risk tool reflects all trading partners globally for all countries and categories. Risk assessment has been conducted and 15 High Risk suppliers have been audited in 2023, based on the evaluation.		19–21
Safe and Sustainable Sites					3, 4, 6, 8, 9, 12, 13	
Uniform standards and processes worldwide	Integration of all sites into the global matrix certificate (ISO 9001 and ISO 14001)	Degree of coverage in relation to sites	Ongoing	As of December 31, 2023, our matrix certificate covered 36 certifiable companies with 74 sites in 21 countries. In relation to the number of employees, this equates to 90% coverage of our matrix certificate. Due to the changes in our site portfolio in recent years, we still have some site certificates and a region certificate, which will also be transferred to our matrix certificate.		22–24
Global process safety	Continuous reduction in incidents relating to facility and process safety	Number of reportable incidents relating to facility and process safety	Ongoing	There were no major process safety incidents in fiscal year 2023.		22
	Continuous reduction in environmental incidents	Number of reportable environmental incidents	Ongoing	There were no relevant environmental incidents.		22
	Continuous reduction in transportation incidents	Number of reportable transportation	Ongoing	There were no relevant transportation incidents.		24–25
Water consumption	Reduction of specific water consumption by 2% per year	Water consumption in cubic meters per thousand euros of sales	Ongoing	For continuing operations, the specific water consumption amounted to 1.33 cubic meters/thousand euros (–2.2% year-on-year). Including the HPM business unit, the specific water consumption amounted to 1.29 cubic meters/thousand euros (+4.2% year-on-year).		25–26
Wastewater	Reduction of specific Total Organic Carbon (TOC) by 2% per year	Kilograms per thousand euros of sales	Ongoing	For continuing operations, the specific TOC amounted to 0.13 kilograms/thousand euros (+6% year-on-year). Including the HPM business unit, the specific TOC amounted to 0.12 kilograms/thousand euros (+20% year-on-year).		26–27
Water risk sites	Introduction of a water stewardship program	Percentage of sites that have introduced a water stewardship program	2023	All four water risk sites (100% of the sites) met the defined criteria. They are therefore deemed water stewardship sites in accordance with the “LXS Water Stewardship Framework.”		25–26
	Reduction of absolute water withdrawal by 15% compared with base year 2019	Absolute water withdrawal in cubic meters	2023	For continuing operations, absolute water withdrawal at water risk sites has been reduced by 31% compared with the base year 2019. Including the HPM business unit, the reduction was likewise 31%.		25–26

LANXESS Sustainability Goals

Topic	Goal	Indicator	Deadline	Status quo 2023	SDG	Page
Climate Action and Energy Efficiency					3, 7, 8, 12, 13	
Emissions	Reduction of CO ₂ e emissions by 65% versus 2004 (establishment of LANXESS; 6.5 million metric tons of CO ₂ e)	Absolute CO ₂ e emissions (Scope 1 and 2)	End of 2025	In continuing operations, absolute CO ₂ e emissions amounted to 1,722 thousand metric tons. Including the HPM business unit, the figure was 1,817 thousand metric tons of CO ₂ e. This constitutes a reduction of 73.5% for continuing operations and 72% including the HPM business unit versus 2004, when the company was founded.		32–35
	Reduction of emissions of non-methane volatile organic compounds (NMVOC) by 25% compared to base year 2015	Absolute NMVOC emissions	End of 2025	For continuing operations, this constitutes a reduction of 91% compared with the base year. Including the HPM business unit, the reduction compared with the base year is 90%.		32–35
	Reduction of CO ₂ e emissions by 80% versus 2004 (establishment of LANXESS; 6.5 million metric tons of CO ₂ e)	Absolute CO ₂ e emissions (Scope 1 and 2)	End of 2030	–		32–35
	Climate neutrality for the entire Group	Absolute CO ₂ e emissions (Scope 1 and 2)	End of 2040	–		32–35
	Reduction of CO ₂ e emissions by 60% versus 2015	Absolute CO ₂ e emissions (Scope 3)	End of 2030	For continuing operations, this constitutes a reduction of 64.7% compared with the base year 2015.		32–35
	Climate neutrality for the upstream and downstream supply chain	Absolute CO ₂ e emissions (Scope 3)	End of 2050	–		32–33
Good Governance and Energized Employees					3, 4, 5, 8	
HR retention	High employee retention: Voluntary turnover rate below 3.5%	Turnover rate on the basis of resignations	Ongoing until the end of 2023	The turnover rate on the basis of resignations was 3.9% in continuing operations. Including the HPM business unit, it was 3.9%.		50–51
HR development	At least 80% of apprentices hired after completing their training	Proportion of apprentices hired in Germany	Ongoing until the end of 2023	79.5% of apprentices were hired.		45
Diversity and inclusion	Increase the proportion of women in the first level below the Board of Management to 25%	Proportion of women in the first level below the Board of Management	Mid-2027	The proportion of women on December 31, 2023, was 23.1%.		42–43
	Increase the proportion of women in the second level below the Board of Management to 28%	Proportion of women in the second level below the Board of Management	Mid-2027	The proportion of women on December 31, 2023, was 28.4%.		42–43
	Increase proportion of women in management to 30%	Proportion of women in management	End of 2030	The proportion of women on December 31, 2023, was 26.1%.		42–43
Occupational safety	Continuous decrease in the LTIFR by > 50% (reference LTIFR of 2.0 in 2016)	LTIFR	End of 2025	The LTIFR was 0.6 in continuing operations. Including the HPM business unit, it was 0.6.		55

LANXESS Sustainability Goals

Topic	Goal	Indicator	Deadline	Status quo 2023	SDG	Page
 Sustainable Products					3, 12, 13	
Active portfolio management from a sustainability perspective	Development of a strategy plan for all end products with more than 0.1% critical substances	Development of a strategy plan	2023	The strategy plan covers 100% of the relevant products.		58–60
	Inspection and, if necessary, optimization of the quality of all registration dossiers that were prepared in accordance with the REACH Regulation under the guidance of LANXESS	Proportion of inspected/updated dossiers	2026	The proportion of inspected/updated dossiers is 47.7%.		57
Long-term, continuous development of products, applications, and processes	Developing innovative products based on the needs and expectations of our customers	Number of product-related projects	Ongoing until 2025	140 projects in the reporting year were aimed at developing new/improving existing products and applications.		58–61
	Continuous further development of our production processes in order to maintain competitiveness and achieve our climate and energy efficiency targets	Number of process-related projects	Ongoing until 2025	83 projects in the reporting year concerned process technology issues with a view to reducing costs, improving efficiency or increasing capacity.		32–33
Long-term customer relationship	Improvement in customer satisfaction and maintenance of customer retention: customer retention index > 75	Customer retention index score	2024	In the survey at the start of 2024, the customer retention index score was 74. The survey is carried out every two years.		64



15
thousand
suppliers
Group-wide



CIRCULAR AND SUSTAINABLE SOURCING

At LANXESS, raw materials, other materials, equipment and services are subject to globally standardized requirements with regard to safety and environmental protection. Their procurement is the responsibility of our Global Procurement & Logistics Group function, the head of which reports directly to the Board of Management member Dr. Hubert Fink. In close coordination with our business units, this administrative unit organizes Group-wide procurement, establishes corresponding guidelines, and initiates measures to promote purchasing synergies and sustainable behavior by our suppliers.

Pressure on supply chains eased in 2023 thanks to far lower demand. Cost pressures stabilized and declined for raw materials, energy and logistics supply.

Logistics

LANXESS ships more than 300,000 metric tons of products every month through various modes of transport. This makes the company reliant on favorable freight and transport cost trends. Over the course of 2023, logistics costs in all areas returned to normal. There is still a shortage of truck drivers, especially in Europe, Great Britain, Canada and the U.S. CO₂ emission classes were introduced as a new truck toll feature in Germany on December 1, 2023.



Energy

In Europe, gas prices have fallen by around a third and are therefore significantly lower than the average price in 2022. The dramatic shift in gas market supply and pricing from long-term contracts (primarily with Russia) to spot market-based LNG contracts with the U.S. as the most important swing supplier had a major impact.

The fall in gas prices also caused a drop in electricity prices, which more than halved compared to 2022 levels. Increasing demand for renewable energy combined with highly volatile gas prices resulted in significant fluctuations in daily electricity prices in Germany.

Spot market prices and fixed price components ensure that our portfolio is balanced, mitigating the volatility and related price risk. LANXESS has set itself an ambitious CO₂ reduction target in order to reduce its own carbon footprint. We are therefore always aiming to expand our portfolio of renewable energy. We constantly strive to increase the share of renewable power in our portfolio, and 5.3% of the electricity we use worldwide is currently obtained from proven renewable sources. In 2023, the focus was on new contracts for Germany and Belgium.



In the future, it is likely to prove increasingly difficult to significantly expand this share at competitive prices, as demand is rising rapidly while European markets are increasing renewable energy capacities only slowly.

Guiding principles for procurement

In 2023, procurement transactions with over 14,758 suppliers were processed. A global procurement guideline for the entire Group defines our employees' conduct when dealing with suppliers and their employees. We have specified standardized workflows in the context of procurement in more detail in a process description.

In accordance with the principles of the United Nations Global Compact, the International Labour Organization (ILO), Responsible Care® and other CSR codes, we expect our suppliers to comply with national and other applicable laws and regulations for environmental protection, health and safety at work and with regard to labor and recruitment practices. It is essential for us that they acknowledge the principles contained in the Business Partner Code of Conduct or have established their own comparable standards.



In the interests of safe processing at our production facilities, there is a particular focus on the procurement of raw materials. For this reason, suppliers must submit up-to-date information to ensure that the raw materials comply with all relevant legislation for chemicals. In the case of raw material deliveries from non-European suppliers, our purchasing department, together with the Production, Technology, Safety & Environment (PTSE) Group function, clarifies which obligations have to be fulfilled under the REACH Regulation.

Our organic raw materials, which we use in our production processes, are currently still based primarily on fossil sources, e.g. Benzene, Toluene, and Cyclohexane. We are striving to increase the proportion of sustainable raw materials. The market for sustainable raw materials is undergoing long-term development. To make progress, we are already working with multiple major partners and testing the materials and products that they are researching or have already brought to market. A realistic scenario is that we will increasingly bring individual products based on sustainable raw materials to market before this is possible for the entire product range. However, the use of bio-based organic raw materials also entails challenges and potential conflicts. For example, the production of food must always take priority over the use of biomass to manufacture chemical products. Therefore, we proceed with caution when purchasing bio-based raw materials and ensure that the biomass we use is produced in a renewable manner and is not competing with food production.

Our inorganic raw materials are primarily obtained from the biological cycle, e.g. nitrogen from the air or sodium chloride from seawater (e.g. chlorine, caustic soda and sulfur). These raw materials are renewable in principle, but not necessarily sustainable, as their extraction requires high energy usage in the form of electricity. In order to reduce their carbon footprint, more renewable energy will have to be used for their extraction. Here, too, we are engaged in strategic partnerships with our suppliers in order to achieve this. [Further information can be found under "Sustainable Products."](#)



Since 2022, we have used a process and a calculation tool to track, monitor and continuously improve the proportion of bio-based, circular, renewable and recycled raw materials.

Supplier assessment

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

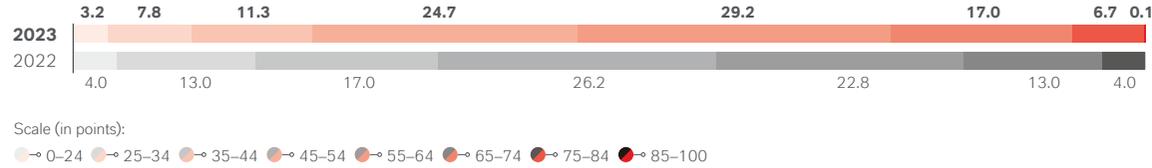


Because the assessment results and audit reports are shared within the initiative, we had more than 16,900 sustainability assessments and 999 audit reports available to us as of the end of 2023. Suppliers whose sustainability-related activities have been assessed in TfS audits or assessments represent 71% of our relevant procurement volume. The relevant procurement volume comprises all suppliers from which we procure more than €20,000 of goods or services per year. The TfS sustainability assessment is also incorporated into our strategy process, which must be applied to every contract negotiation or renewal with a purchasing volume of more than €5 million. This is known as XCORE. As well as the XCORE strategy process, we use the SCORE process, which is similar to the XCORE process but geared toward purchasing volumes between €1 million and €5 million or over €250,000 in regions outside Europe.

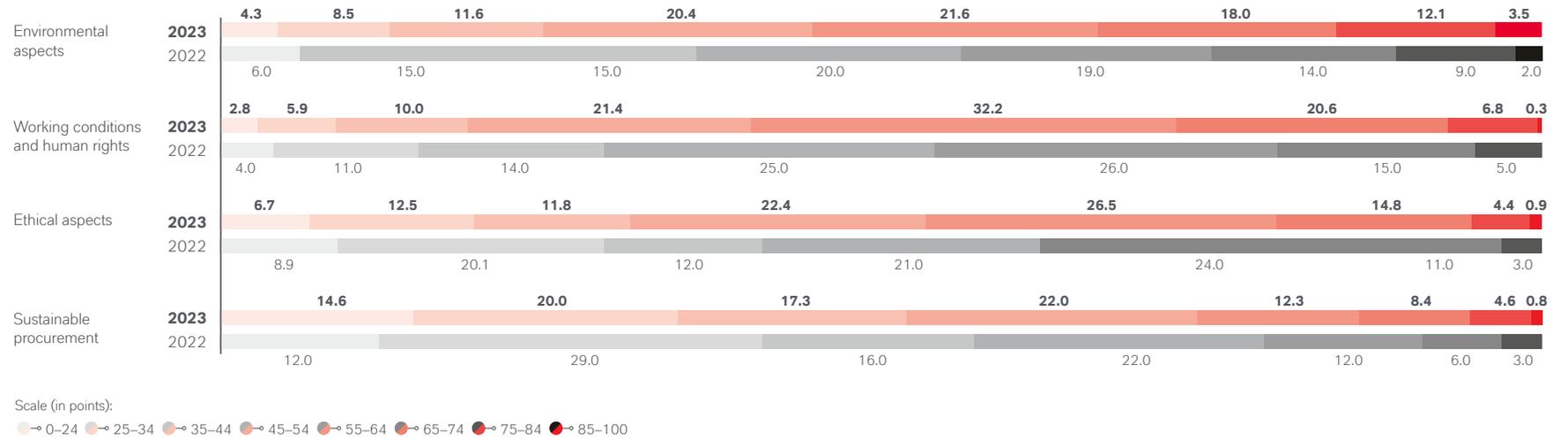
It is also encouraging to see that our suppliers' average EcoVadis sustainability assessment of 54.4 points is above the EcoVadis benchmark of 45.7 points. With our tool for analyzing supplier risk, with which we ensure compliance with the German Act on Corporate Due Diligence in Supply Chains (LkSG) in the supply chain, we did not identify any trends regarding deficiencies among our suppliers in 2023. We had no reason in the year under review to end our collaboration with suppliers due to sustainability aspects.



Overall Scores of Our Suppliers at EcoVadis



Detailed Scores of Our Suppliers at EcoVadis



With regard to the migration of a database-supported risk analysis system into our SAP system, we successfully completed the global launch as well as a general SAP system update in some regions. We have real-time access to supplier-related data from around 600,000 sources and in various qualitative dimensions. This includes regulatory, ecological, social, and financial data that we can use for our risk analysis.





SAFE AND SUSTAINABLE SITES



Our commitment is to make our production safe and sustainable in every respect, thus ensuring our long-term competitiveness. The Production, Technology, Safety & Environment (PTSE) Group function, the head of which reports directly to Board of Management member responsible for production and technology, makes a substantial contribution to this. PTSE develops and maintains company-wide standards that ensure responsible use of chemicals at LANXESS. They define requirements and govern responsibilities for health protection, environmental protection, biodiversity, handling of chemicals, plant safety and safety precautions in the workplace. Continuous training of our employees and regular audit-based reviews of our health, safety and environmental management systems are aimed to ensure that the requirements are incorporated into our processes systematically and sustainably.

Uniform standards in production

LANXESS operates a total of 55 production sites and has a presence in 17 countries (investments \geq 50%, as of December 31, 2023). Our wide range of products requires the use of many different chemical and technical processes. Uniform standards for planning, building and operating plants ensure a high level of process, plant and occupational safety.



Handling chemical substances and working with technical equipment involves health and safety risks. We identify these risks and potential threats systematically worldwide – for new and existing plants – and minimize these risks by implementing defined preventive and protective measures. Experts examine the implementation of LANXESS guidelines and local regulations for the safe operation of our plants. The frequency of audits including on-site targeted spot checks is geared toward the respective risk profile. Compliance with safety standards must be regularly verified worldwide for every plant via audit opinions. In 2023, a total of 28 production facilities (previous year: 35) were examined in the context of HSE (health, safety and environment) compliance checks, including twelve (previous year: 15) in Germany. We use an electronic reporting system to record accidents and events worldwide in line with uniform regulations. The Intalex Incident Management System replaced its predecessor Incident Reporting System in 2022. By way of digitalization, the new, more agile and flexible system provides a platform for greater data and process safety and better functionality on mobile devices. Injuries, transportation accidents, near-accidents, environmental incidents, instances of damage, and security-relevant incidents such as theft are documented. Each event is carefully analyzed in order to draw conclusions as to how we can avoid similar incidents in the future. All measures help us to continuously reduce the number of events. There were no major process safety



incidents in fiscal year 2023. In the summer of 2023, however, a leak in an aluminum trichloride barrel caused smoke to be emitted at the Bergkamen site. A NINA alert was triggered as a precautionary measure. There was no risk to employees or local residents.

We are continuing the systematic digitalization of production, including by digitizing our paper-based operational management and maintenance checklists. We use tablets that are directly connected to the central IT systems at LANXESS and enable real-time access to data. The solution includes the end-to-end integration of digital data processing in the work process and ensures that data is archived correctly and consistently. Thanks to the clear data, we can identify necessary measures and implement them in time, increasing work efficiency in production and maintenance.

Integrated management system

A centrally organized management system at LANXESS provides for the necessary global management structures in all relevant business processes in order to ensure responsible business activities. Globally, we base our actions on the international standards ISO 9001 and ISO 14001 for quality and environmental management and ISO 50001 for energy management.

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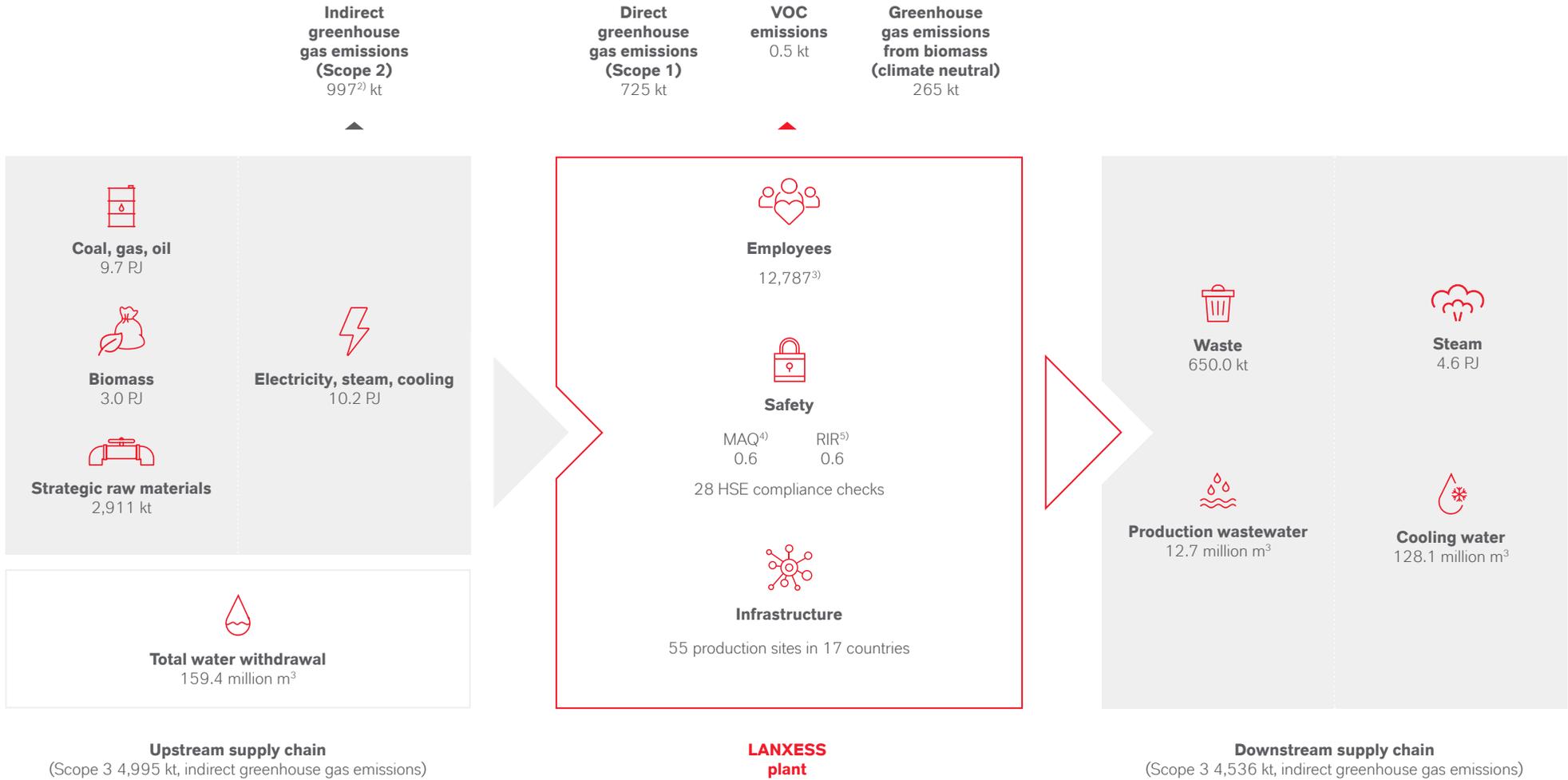
HSE (Health, Safety, Environment) checks at production facilities

55

production sites in 17 countries



Input/Output Analysis¹⁾



1) Continuing operations.

2) Calculated according to the market-based method of the GHG Protocol.

3) Core workforce of the core companies as of December 31, 2023.

4) LTIFR: rate of occupational accidents with an incapacity certificate per planned million hours worked resulting in calendar days lost following the day of the accident (day of the accident does not count), calculated for all employees at all sites (including temporary workers for Germany, NAFTA, China, and India).

5) Number of incidents per 200,000 working hours that have to be reported according to OSHA rules.



 **90%**
matrix certificate
coverage



Confirmation that our processes comply with the standards ISO 9001 and ISO 14001 is provided in global matrix certificates. This approach brings a range of benefits:

- › High degree of standardization of processes
- › Uniform in-house guidelines and instructions
- › Transparent, efficient, and effective processes and controls
- › Considerably reduced external expense for the maintenance and optimization of the management system, for the integration of additional management systems (e.g. ISO 50001, sustainability standards), and for the integration of new sites or business units

We ensure that progress in integrating new sites into our management system and its performance are regularly reviewed worldwide by external, independent experts. In 2023, we successfully passed the surveillance audit in accordance with the standards ISO 9001:2015, 14001:2015 and ISO 50001:2018. The West Hill, Canada; East Hanover, El Dorado (three sub-sites), Fords, Perth Amboy, all U.S.; and Nantong, China, production sites were included in the matrix certificate in the reporting year. Most of the sites taken on with the acquisition of Chemtura were therefore integrated into the matrix certificates. Most of the other sites, as well as those taken over from Emerald Kalama Chemical, Theseo and International Flavors & Fragrances Inc. (IFF), have already been certified in accordance with ISO 9001 and ISO 14001. For the time being, they hold these certifications separately. We are planning to gradually add these sites to our matrix certificate.



As of December 31, 2023, our matrix certificate pursuant to the ISO 9001:2015 and 14001:2015 standards covered 36 certifiable companies (companies with staff and in which LANXESS has a stake of over 50%) with a total of 74 sites in 21 countries. In relation to the number of employees, this equates to 90% coverage.

In addition, we have had LANXESS AG and all major Group companies certified in accordance with ISO 50001 for energy management in Germany and Belgium. The only exceptions are IMD Natural Solutions GmbH and CheMondis GmbH, both of whose energy consumption is below the minimum threshold for the performance of mandatory energy audits in accordance with EDL-G (German Energy Services Act), as well as Theseo Germany GmbH in Wietmarschen. As of December 31, 2023, the energy management system had reached coverage of 99% in these two countries in relation to the number of employees. IAB Ionenaustauscher GmbH, Bitterfeld, has its own certificate. Outside Germany and Belgium, we are continuing to pursue our strategy of regional and local certifications. In Great Britain, our sites are certified in accordance with ESOS (Energy Savings Opportunity Scheme), for example.

In addition, individual LANXESS Group companies and sites have other specific management systems and certifications such as ISCC+, RC14001 (RC = Responsible Care®) and ISO 45001.



Global hazardous-goods and transport-safety management system

A global hazardous-goods and transport-safety management system ensures that hazards are minimized or avoided entirely. We coordinate, monitor and review implementation of relevant hazardous-goods and transport-safety regulations as well as in-house regulations centrally in a department that is specifically responsible for this.

Central classification of our products in line with international, regional and local hazardous-goods regulations ensures that applicable laws are interpreted uniformly while taking regional and local aspects into account. Classification determines such things as the type of containment (packaging and tanks), marking and labeling, the permitted modes of transport and transportation routes as well as measures that operational staff must take if a transportation event occurs. The corresponding classification data is stored in the central safety-data system for chemicals at LANXESS. The acquisitions of Emerald Kalama Chemicals and of the Microbial Control business from IFF were successfully integrated in the central safety-data system in 2023. Overall, more than 1,300 products and raw materials were recorded.

To counter the deficiencies in load securing of general cargo, the PTSE (Production, Technology, Safety and Environment) and GPL (Global Procurement and Logistics) Group functions have worked closely together to develop a load-securing standard for LANXESS, which has proven successful in numerous field tests and in



practice. It was implemented at the Chardon, El Dorado and Kalama (all U.S.) sites and at the service providers Broekman (NL) and Nolden (D) for the first time in 2023. The load-securing system was also introduced for our temperature-sensitive products to transport our Velcorin product in refrigerated containers.

Environmental responsibility

The preservation of natural resources – for example by using raw materials as efficiently as possible – and identification of further potential are ongoing tasks in the context of our environmental responsibility and expertise. This also includes our efforts to preserve biodiversity. We are focused on responsible use of water as a resource, which includes both water consumption and water quality. In addition, we endeavor to fulfill our ecological responsibility with regard to waste. The clear focus is compliance with all legal requirements. In line with circular economy, LANXESS strives to enforce the waste hierarchy – prevention, reuse, disposal – around the world.

LANXESS Water Program: Targets largely achieved

As a chemicals company, we rely on water for production. We use it mainly for cooling (80%), as an input material in chemical processes (18%) or in the form of steam (2%). In addition, rivers are an important mode of transportation, particularly for our networked sites in Germany.



LANXESS is aware of water’s ecological and social significance beyond water’s importance as an economic resource. Access to water and sanitary facilities is a human right. Water availability and quality are global challenges that we can and must address locally. We are therefore committed to the responsible use of water. In our own business activities and beyond, we use our products to advance the United Nation’s Sustainable Development Goal 6 (SDG 6): “clean water and sanitation for all.” The products of our Liquid Purification Technologies business unit in particular make a major contribution to this. For example, the Lewatit® ion exchange resin is used in the processing and reuse of process water and removes unwanted substances.

One of the most important indicators in discussions around water is water stress. Our annual analysis of all LANXESS production sites using the WRI Aqueduct Tool showed that – taking all portfolio changes of the current fiscal year into account – ten of our production sites are in water-stress areas. These sites accounted for around 2% of our total water withdrawal in 2023.

In order to further drive our dedication to the protection of water as a resource, we launched our global LANXESS Water Program in 2020. In addition to the global efficiency targets for water consumption and total organic carbon (TOC) in wastewater, the program primarily aims to make



improvements at the LANXESS water risk sites. The sites are assessed using a customized, extensive water risk analysis that focuses on the water stress situation at the site as well as other factors. For fiscal year 2023, we identified a total of four locations as water risk sites: Jhagadia and Nagda, India; Latina, Italy; and Qingdao, China. The sites have not changed since the program began.

In the reporting year, we conducted a final review of our target to reduce water withdrawal at water risk sites by 15% by the end of 2023 (base year: 2019). With a reduction of 31%, we exceeded our target, illustrating our commitment to sustainability. For example, water withdrawal has been reduced significantly by a technical optimization of the cooling towers in Latina and by various water saving measures in Qingdao. At the two Indian sites, Jhagadia and Nagda, rainwater projects were implemented with the local community. In addition, we carried out analyses regarding the local water stewardship programs at all water risk sites in the reporting year. All gaps identified were closed in time and all four water risk sites met the extensive requirements of the LANXESS Water Stewardship Program.



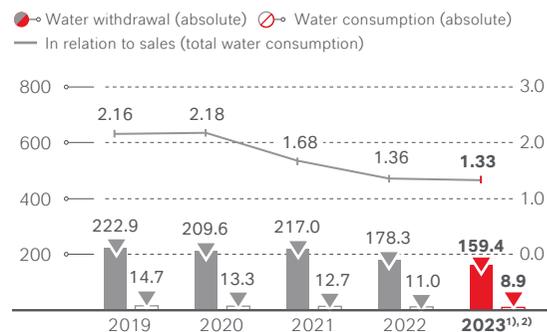
NFR

The expiry of the two water targets in fiscal year 2023 does not mean an end to our commitment to water as an important resource. To seamlessly continue our work, the Sustainability Committee resolved to continue and expand the previous targets from the fiscal year 2024 onward: Water stewardship and risk-based reduction will remain part of our LANXESS Water Program in the future.

Sparing use of water

Handling scarce water resources in a conscious and careful manner is an investment in the future. In order to break the link between our growth and water consumption and potential stresses from wastewater discharge, we have set targets at Group level that we will continue to monitor in the future. We are aiming for an annual reduction of both specific water consumption and specific total organic carbon (TOC) in wastewater flows by 2%.

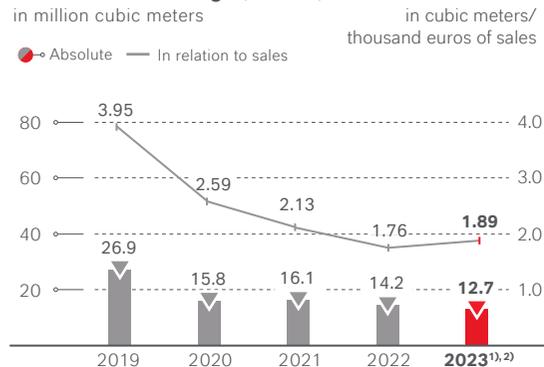
Water Withdrawal & Consumption



1) Continuing operations
2) LANXESS total: Water withdrawal: 168.6, water consumption: 9.2, specific: 1.29

NFR

Wastewater Discharge (treated)



1) Continuing operations
2) LANXESS total: Wastewater discharge (treated): 13.1, specific: 1.84

The comparison of water withdrawal and water consumption shows that, while large volumes of water are withdrawn (e.g. once-through cooling water), this water is later returned to the water cycle in the same quality. LANXESS's water consumption is calculated by subtracting the volume of treated and untreated wastewater (including once-through cooling water) and water volumes (e.g. sold steam) sold to third parties from the water withdrawal (including purchased steam).

Our water withdrawal in continuing operations declined in 2023, which is attributable to changed production volumes. We achieved our target of reducing specific water consumption by at least 2% in the reporting year despite lower sales.

NFR

The volume of treated wastewater declined again compared to the previous years. This is mainly due to the deconsolidation of the HPM business unit. We also analyze other water indicators in addition to volumes. One of the most important wastewater parameters is TOC (total organic carbon). In fiscal year 2023, the specific TOC after wastewater treatment increased slightly to 0.13 kilograms/ thousand euros (previous year: 0.12 kilograms/ thousand euros). In combination with the decline in sales, we missed the reduction target of 2%.

[Further information on our use of water can be found in our "Water" Background Paper.](#)

Our contribution to biodiversity

Biodiversity covers all life forms on our planet. As the UN agreement, the COP15 Global Biodiversity Framework, emphasizes, preserving ecosystems is vital to the wellbeing of people, plants and animals. This aligns with the Sustainable Development Goals (SDGs) to protect life below water (SDG 14) and on land (SDG 15). Given that about 50% of the global economy is also dependent on natural resources, good biodiversity is also indispensable to a sustainable and successful economy.

[SDGs & LANXESS's contributions](#)



As a company in the chemicals industry, we rely on a wide range of vital ecosystem resources and services, including clean water, energy, raw materials and flood protection. We are also aware that our business activities entail both opportunities and potential risks for biodiversity.

We evaluated the main impacts of the specialty chemicals industry using established scientific tools (ENCORE and WWF Biodiversity Risk Filter). Climate change and water protection (both water consumption and pollution) were identified as key factors in our potential environmental impact. We have already formulated obligations, strategies and specific goals for these two issues. We are committed to the responsible use of water and work with a water program that includes global efficiency targets for water consumption and pollution (TOC reduction in wastewater), and other water stewardship measures (see [Water Strategy](#)). Through our ambitious climate targets that we have set and implemented for the entire value chain, we have taken important steps in tackling climate change and, in turn, preserving species diversity (see [Climate Strategy](#)). We also aim to reduce our emissions and waste.

The sustainability performance of our product portfolio is another way we aim to positively impact biodiversity. To do so, we use our product sustainability monitor to identify products that are particularly sustainable or that have the potential for improvement (see [Product Sustainability Monitor](#)). We also strive for circular and sustainable sourcing and have undertaken to support the use of secondary (circular) or sustainable and renewable raw materials. It is important to us that we comply with recognized sustainability standards when using renewable raw materials.



Sustainable waste management

We aim to avoid hazardous as well as non-hazardous waste and decouple our business growth and waste production. Rigorous material-flow management from raw material input to finished product is aimed at ensuring that we use resources as efficiently as possible and minimize our waste volumes.

Our business units and sites strive to increase efficiency and are working constantly on various research projects for the prevention, reduction and recycling of waste. In turn, our networked sites enable us to reuse many by-products



as a raw material directly in neighboring plants – both our own as well as those of other chemicals companies – to create closed loops and thus avoid the generation of waste.

The absolute amount of waste generated has decreased compared to the previous year. This is primarily attributable to a further reduction in aqueous waste streams at our site in El Dorado, U.S., and a significant reduction in waste sent to landfill at the site in Krefeld-Uerdingen, Germany. In relation to the decline in sales, however, the specific figure increased.

We group waste into five categories, each divided into hazardous and non-hazardous waste. The chart on the following page shows each category's share (in %) of total waste.

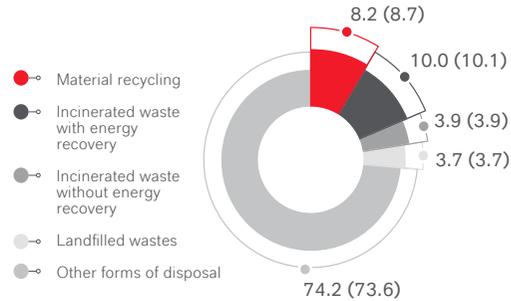
In fiscal year 2023, the shares of waste for disposal were nearly unchanged year-on-year.



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Waste for Disposal¹

% (LANXESS total)



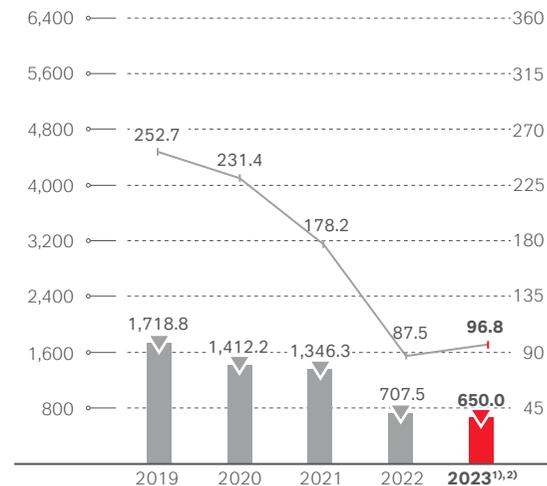
1) Continuing operations

Total Waste

in thousand metric tons

in kilograms of waste/
thousand euros of sales

Absolute — In relation to sales



1) Continuing operations

2) LANXESS total: Total waste: 656.7, specific: 92.4

NFR

Systematic recording of key data

To record key data on safety and environmental protection systematically worldwide, we use an electronic data-entry system. This enables us to calculate a wide range of HSE performance data for each business unit, site and operation worldwide, which is used as a valid data pool for strategic decisions as well as internal and external reporting. In addition, it maps the progress that we make with our global sustainability targets. Data is gathered only at production sites where we have equity interest of more than 50%. Due to the deconsolidation of the HPM business unit, we are disclosing this data separately.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited our environmental and safety performance data and the requisite data-gathering processes with limited assurance for fiscal year 2023.

The non-financial performance indicators “CO₂e emissions (Scope 1 and Scope 2) and energy” as well as the “lost time injury frequency rate (LTIFR)” are management-relevant performance indicators. Therefore, they are part of the “reasonable assurance” audit of the consolidated financial statements and the combined management report.



Environmental and Safety Performance Data*

	2021	2022	2023	2023
			Continuing operations	HPM business unit
Safety				
Occupational injuries to LANXESS employees resulting in at least one day's absence (LTIFR ¹⁾)	0.9	0.6	0.6	2.2
Energy consumption in petajoules (10¹⁵ joules)²⁾	28.6	25.4	22.9	0.9
Direct energy sources (GRI 302-1)				
Non-renewable	11.2	10.4	9.7	0.4
Renewable (biomass)	3.3	3.3	3.0	0.0
Indirect energy sources (GRI 302-1) ³⁾				
Electricity consumption	6.3	4.7	4.4	0.4
Heat and steam consumption	7.05	6.3	5.2	0.1
Energy consumption for cooling	0.54	0.55	0.5	0.0
Other	0.11	0.11 ^{a)}	0.1	0.0
Water and wastewater in million cubic meters				
Total water withdrawal (GRI 303-3)	217.0	178.2^{a)}	159.4	9.2
Surface water	57.5	28.1	29.0	8.6
Groundwater	4.6	4.5	4.2	0
Third-party wastewater	1.1	1.1 ^{a)}	1.3	0
Third-party water	153.8	144.5	124.9	0.6
Total water withdrawal in water-stress areas, 3.3¹²⁾ (GRI 303-3)	4.5	4.1	3.3	0.0
Volume of once-through cooling water, 136.7¹²⁾ (GRI 303-4)	176.4	142.7	128.1	8.6
Total wastewater discharge (GRI 303-4)				
Wastewater discharge (treated)	16.1	14.2	12.7	0.4
Wastewater discharge (untreated)	187.4	152.2	137.5	8.6
Total wastewater discharge by destination (GRI 303-4)				
Surface water	191.5	155.5	140.8	8.9
Groundwater	0.0	0.7	0.6	0.0
Seawater	0.4	0.4	0.3	0.0
Third-party water	11.5	9.8	8.6	0.1
Wastewater emissions (after treatment) in thousand metric tons				
Total nitrogen	0.5	0.4	0.3	0.0
Total organic carbon (TOC) ⁴⁾	1.3	1.0	0.9	0.0
Heavy metals ⁵⁾	0.0023	0.0019	0.0015	0.0
Total water consumption in million cubic meters (GRI 303-5)⁶⁾	12.7	11.0	8.9	0.3



Emissions to air in thousand metric tons

Total greenhouse gas emissions CO ₂ e (GRI 305-1, GRI 305-2)	2,591	1,994	1,722	95
Direct (Scope 1) ⁷⁾	1,284	843	725	76 ¹³⁾
Indirect (Scope 2, market-based) ⁸⁾	1,307	1,151	997	19
Ozone-depleting substances (GRI 305-6)	0.004	0.004	0.003	0.000
NO _x , SO _x and other emissions (GRI 305-7)				
NO _x ⁹⁾	1.4	0.9	0.8	0.1
SO ₂ ¹⁰⁾	0.9	0.4 ^{a)}	0.3	0.1
CO	3.2	2.6	2.5	0.0
NH ₃	0.03	0.01	0.01	0.0
NMVO ¹¹⁾	0.8	0.7 ^{a)}	0.5	0.0
Waste in thousand metric tons				
Total weight of waste (GRI 306-3)	1,346.3	707.5	650.0	6.7
Incineration with energy recovery	70.7	68.3	64.8	1.6
Incineration without energy recovery	28.7	27.6	25.4	0.1
Landfilling	52.4	45.0	23.8	0.2
Material recovery	60.5	59.1	53.1	4.1
Other forms of disposal	1,134.0	507.5	482.9	0.7
Type of waste				
Hazardous	664.8	626.9	594.2	1.4
Non-hazardous	681.5	80.6	55.8	5.3

Explanations concerning our environmental and safety performance data

- * The aggregate data refers to all LANXESS production sites in which the company holds equity interest of more than 50%.
- 1) LTIFR: rate of occupational accidents with an incapacity certificate per planned million hours worked resulting in calendar days lost following the day of the accident (day of the accident does not count), calculated for all employees at all sites (including temporary workers for Germany, NAFTA, China, and India).
- 2) The energy volumes given were calculated on the basis of typical substance values. They do not include energy contained in raw materials.
- 3) Presented as a balance sheet, whereby the volume of energy sold is subtracted from the volume of energy purchased.
- 4) Chemical oxygen demand (COD) is calculated as follows: [COD] = [TOC] x 3. COD 2023: 2.7 kt (not including HPM BU).
- 5) Heavy metals (arsenic, cadmium, chromium, copper, mercury, nickel, lead, tin, zinc).
- 6) According to GRI 303-5, total water consumption is calculated by subtracting the total water discharge from the total water withdrawal.
- 7) All Scope 1 greenhouse gases are calculated as CO₂e. The emission factors used for fuels are based on calculations by the U.S. EPA (GHG Emission Factors Hub, September 12, 2023) and on the IPCC Guidelines for National Greenhouse Gas Inventories (2006). In accordance with the GHG Protocol (2004), since 2021 the factors for calculating CO₂e have been based on the global warming potential (time horizon: 100 years) defined in the IPCC Sixth Assessment Report (AR6 2021), previously IPCC Second Assessment Report (SAR, 1995). In accordance with the GHG Protocol, the CO₂ emissions from the combustion of biomass are shown separately and are not included in the Scope 1 emissions. The following emissions were produced during the reporting period: 2019: 184 kt CO₂, 2020: 268 kt CO₂, 2021: 294 kt CO₂, 2022: 298 kt CO₂, 2023: 265 kt CO₂ (not including HPM BU). The material composition of the biomass is partially based on assumptions/estimates.
- 8) All Scope 2 greenhouse gases are calculated as CO₂e. In 2023, the conversion factors used were provided by the energy producers. Where these were not available, factors from the IEA (International Energy Agency) from 2021 were used for fiscal year 2023, from 2020 for 2022 and from 2019 for 2021. CO₂ Scope 2 emissions for 2023 (location-based method): 1,134 kt (not including HPM BU).
- 9) Nitrogen oxide (NO_x) calculated as NO₂ (excluding N₂O; nitrous oxide).
- 10) Sulfur dioxide (SO₂) + SO₃ calculated as SO₂.
- 11) Total VOC (volatile organic compounds) excluding methane and acetone.
- 12) LANXESS total.
- 13) The emissions stated are based on forward projection from prior-year data and the planned reduction.
 - a) Values restated due to supplementary notifications or change in calculation method.



Corporate citizenship

Our understanding of sustainable sites also includes being a strong and reliable partner for the people locally and in the respective region and taking social responsibility. Our commitment is based on our corporate expertise and objectives and focused on education, climate protection, water and culture. Our goals in all these areas are identical:

- › Mobilizing resources and people for social commitment
- › Achieving positive impacts on the company, the environment and society

As a company, we aim to play a positive part in improving living conditions, education, training, equal opportunities, and health and safety. In addition, we are working to attract talented persons, engage in extensive dialog with our stakeholders, have a positive impact on employee motivation and constantly improve our reputation.

We provided around €1.1 million globally for our projects in 2023 (previous year: around €1.3 million). The regional focal points of our activities in the reporting year were the EMEA (particularly Germany) and Americas regions (94 projects).



We select projects involving social engagement according to whether they pursue purely charitable ends (“charitable gift”) or whether we are investing in the social environment of our sites (“community investment”) or in corporate objectives such as image, sales and income while also generating social value (“commercial initiative”).

In total, roughly 0.3 million (previous year: roughly 1.5 million) people benefited from our projects in 2023. We use a system of performance indicators to measure the social impact of our activities above and beyond the number of people who benefit. We performed an impact assessment for all (100%) of our projects in 2023, taking into account positive effects in the area around the site and positive effects on the environment and our business. We regard these indicators as relevant benchmarks, with which we manage our measures in an impact-oriented manner.

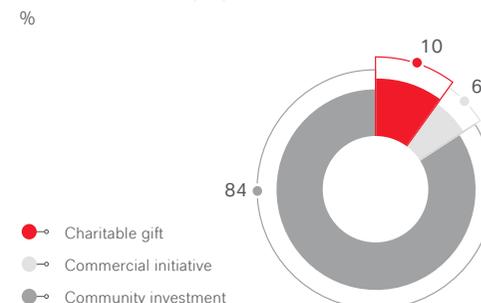
Social Activities by Topic¹⁾



1) Number of projects: 94



Social Activities by Type of Investment¹⁾



1) Number of projects: 94

Impact Dimensions of Evaluated Activities and Projects



1) Number of projects: 94



Commitment to education, climate protection, water and culture

For more than 15 years, we have been running projects at our sites worldwide under the LANXESS education initiative to get young people interested in the natural sciences at an early age. Since 2014, for example, we have helped high schools in Germany improve their chemistry and science teaching. In 2023, LANXESS sponsored a project by the physics project course and the astronomy club at Werner-Heisenberg-Gymnasium in Leverkusen. A helium-filled balloon was launched 38 km into the stratosphere to take measurements and record videos from the edge of the earth’s atmosphere.

As preparation for the 55th International Chemistry Olympiad in 2023, 20 school pupils from NRW attended a state seminar in Cologne sponsored by LANXESS. The program focused on having fun while learning, challenging theoretical and practical lessons and a site tour of the Leverkusen Chempark with the opportunity to visit the Central Organics Pilot Plant of the LANXESS subsidiary Saltigo.

The Excellence Lab Day was also held once again in 2023 in cooperation with the Cologne University of Applied Sciences. Eight school pupils from four schools gained an insight into what a future chemistry degree might entail and had the opportunity to work on a challenging experiment in a state-of-the art laboratory.



At our El Dorado site in the U.S., we support STEM activities at local schools attended by our employees’ children. Through USD 30,000 in financial support for STEM education programs, teachers were given assistance in teaching the children about problem solving and critical thinking through real learning experiences.

In Seoul, Republic of Korea, we launched the LANXESS Science Exploration Challenge for young people in 2023. The challenge is run in conjunction with the Seoul Metropolitan Boramae Youth Center and designed for individuals or teams of two to three members between the ages of 17 and 19. Participants submit a research plan on a chemistry topic of their choice. Ten projects are then selected and the participants are given support in carrying it out. The aim of the program is to foster scientific creativity and curiosity in young people.

In Japan, we strove to educate schoolchildren about climate change and its impact. Our program “Climate Class and Science Experiment Workshop”, providing opportunities to learn about the environment and the fight against climate change, was continued in 2023. In the reporting year, we offered a virtual and an in-person workshop for children in grades one through six.



In Brazil, the “Juntos pelo clima/Together for the Climate” project in 2023 saw elementary schoolers learn about ecological challenges and how they can help to solve them on an environmental activity trail.

As part of our cultural commitment, we sponsored the international literature festival lit.Cologne as a lead partner between 2010 and 2023. The Ozawa International Chamber Music Academy in Japan, which we have likewise supported for 13 years, gives talented young musicians from all over Asia the opportunity of first-class musical training.

LANXESS assistance for severe flooding in India

Our activities in India in 2023 focused on assistance for the regions hit by the devastating floods. During the monsoon season, the town of Nagda and the surrounding area experienced the heaviest rainfall seen in 50 years, resulting in heavy flooding. LANXESS India supported the state government and district administration by providing food packages and essential supplies for local residents, as well as in the neighboring area of our Jhagadia site, including Bharuch and Ankleshwar. We also supported the Nagda municipal council’s welfare campaign, where plastic-coated GSM roof sheeting was provided for the homes of less affluent rural communities.



CLIMATE ACTION AND ENERGY EFFICIENCY



With the Paris Climate Agreement, the international community committed to limiting global warming to less than 1.5 degrees Celsius above the pre-industrial level. At the Climate Change Conference in Glasgow in November 2021, this ambition was for the first time backed up with concrete reduction requirements for greenhouse gas emissions. By 2030, for example, global CO₂ emissions must be cut by 45% versus 2010, and net-zero emissions must be achieved by 2050. Meanwhile, in Germany, the “Climate Protection Plan 2050” currently sets out the interim goal of cutting greenhouse gas emissions by 2030 by 55% compared with the base year of 1990. Industry is expected to contribute to this with a reduction of between 49% and 51%.

LANXESS has set ambitious medium- and long-term targets to fulfill our responsibility as a global specialty chemicals company: By 2040, LANXESS wants to significantly reduce its own emissions (Scope 1) and emissions from purchased energy (Scope 2) and become  climate neutral. By 2030, we aim to reduce our greenhouse gas emissions to around 1.3 million metric tons of



CO₂e, an 80% decrease on the level of emissions at the time LANXESS was established. We achieved a reduction of around 73% in the reporting year.

The Group also intends to make the entire supply chain climate neutral by 2050. To this end, LANXESS launched the “Net Zero Value Chain” initiative in 2022.

The LANXESS climate targets for Scope 1 and Scope 2 emissions are in line with the Paris Climate Agreement. The Science Based Targets initiative (SBTi), a joint initiative of the climate change mitigation organizations CDP, the U.N. Global Compact, the World Resources Institute and the World Wide Fund for Nature, validated the Group targets for the reduction of emissions and confirmed that LANXESS is supporting the objective of limiting global warming to 1.5 degrees Celsius. At the same time, the SBTi also confirmed our Scope 3 emissions reduction target as ambitious and acknowledged our long-term “climate-neutrality targets.” To measure climate-relevant emissions, we collect data on emissions of greenhouse gases defined in the Kyoto Protocol and calculate their greenhouse effect in comparison to carbon dioxide (CO₂e).



Initiatives for our journey to climate neutrality

“Climate Neutral 2040” (Scope 1 + 2)

- › Implement climate protection projects that generate major reductions.
- › Decouple growth and emissions.
- › Strengthen process and technological innovations.
- › Offset remaining emissions.

“Net Zero Value Chain” (Scope 3)

- › Purchase sustainable raw materials.
- › Transition to green logistics.
- › Offer more climate-neutral products and solutions with a low carbon footprint.



“Climate Neutral 2040”: Clear strategy to lower direct emissions

We are taking a multi-pronged approach to achieve our target:

Launch climate protection projects (medium-term target)

Over the next few years, several measures will significantly lower greenhouse gases.

For example, we are switching the energy supply at our Indian sites to a mix of biomass and solar power. After the planned measures are implemented, we expect our CO₂e emissions to decrease by 150,000 metric tons by the end of 2024. As of the reporting date, the percentage of renewable energy at the Jhagadia site was 53%, while the Nagda site achieved around 88%.

Through these projects and other measures, we want to decrease our CO₂e emissions to 1.3 million metric tons by 2030.

Decouple growth and emissions (long-term target)

Independently of production volumes, emissions of greenhouse gases in our individual business units are set to shrink. In addition to technological efficiency, changed governance instruments play a significant role: a company’s carbon footprint becomes an investment criterion that impacts organic growth and acquisitions. This gives business units that achieve better than average reductions



in greenhouse gas emissions a direct financial advantage. In 2020, the Board of Management and the Supervisory Board also decided that the reduction in CO₂e will be used as an assessment criterion for the compensation system for managers and the Board of Management in the future.

Strengthen process and technological innovations (long-term target)

We are revising many of our existing production processes in order to be climate neutral by 2040. For example, we plan to continue improving our network structures, e.g. when it comes to heat exchange between plants and air purification. However, other procedures must first be developed on a large industrial scale. We will therefore focus our research activities more closely on climate-neutral process and technological innovation.

By implementing these measures, we want to decrease our annual emissions to less than 220,000 metric tons by 2040. We plan to neutralize the remaining emissions via appropriate offsetting measures. In this way, we will not only make a significant contribution to climate protection in the years to come but also become an even more sustainable partner for our customers.

Clear strategy to lower indirect emissions

Back in 2022, LANXESS launched the “Net Zero Value Chain Program” to cut indirect emissions from the upstream and downstream supply chain (Scope 3). These emissions from purchased raw materials and air pollution



produced in logistics and when making end products are to be cut by 60% – from 27.0 million metric tons to 11.0 million metric tons of CO₂ equivalents – by 2030 compared with the reference year 2015.

One example of the program in action is our growing Scopeblue® product range. This umbrella brand identifies products that are made primarily of certified sustainable raw materials or where the carbon footprint is at least 50% lower than that of a product made from conventional raw materials. As well as ion exchange resins made from fossil-based raw materials, for example, LANXESS now also offers resins made partly of sustainable raw materials in accordance with the mass balance approach. The indirect emissions in the upstream and downstream supply chain (Scope 3) are to be eliminated by 2050. The “Net Zero Value Chain” initiative is based on three pillars:

- › Transition of raw materials purchasing to increasingly sustainable raw materials that are bio-based, originate from a recycling process or are produced with renewable energy.
- › Greater consideration of carbon footprint when selecting means of transport.
- › Expansion of our range of climate-neutral products and solutions with a low carbon footprint.

In the coming years and decades, climate change will have significant global consequences for companies’ business activities. LANXESS therefore continues to work on an extensive risk analysis, based on three climate scenarios.



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Transitional climate risks were also closely analyzed in the reporting year. We perform these scenario analyses globally for all locations and assess the risks that could arise in the short, medium and long terms.

Uncertainty over emissions trading

In Europe, twelve of our plants are subject to European emissions trading. Trading with CO₂ emissions rights, known as certificates, is intended to reduce emissions of the environmentally harmful gas CO₂ cost-effectively. Because all of our plants covered by emissions trading are state-of-the-art and compete at the international level, we expect to receive enough certificates from free allocation to cover our CO₂ emissions by the end of the fourth trading period in 2030. At present, however, we cannot precisely estimate the effects of planned changes in the allocation of emissions certificates as the benchmarks required have not yet been published. Since 2021, the introduction of the Fuel Emissions Trading Act (n-ETS) has resulted in additional costs, which suppliers include in the natural gas price. Expanding the scope to include waste in 2023 also entails additional costs. The transition from the n-ETS to the EU-ETS II will also pose additional risks from 2027 onward, as the CO₂ costs fluctuate significantly and are difficult to calculate.

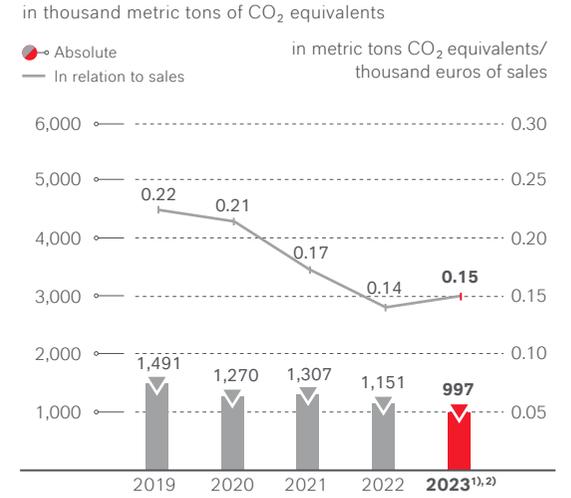
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CDP gives LANXESS top score

For more than a decade, we have been participating in the international climate protection initiative CDP (formerly the Carbon Disclosure Project), each year sharing data and information on climate protection and the reduction of emissions. We received a grade of "A" in the "climate" category in the assessment for 2023, which puts us in the top 25% of companies in the chemicals industry. These gratifying results encouraged us to continue systematically pursuing our climate protection strategy. In the reporting year, we also received an "A-" from CDP for our water security efforts.

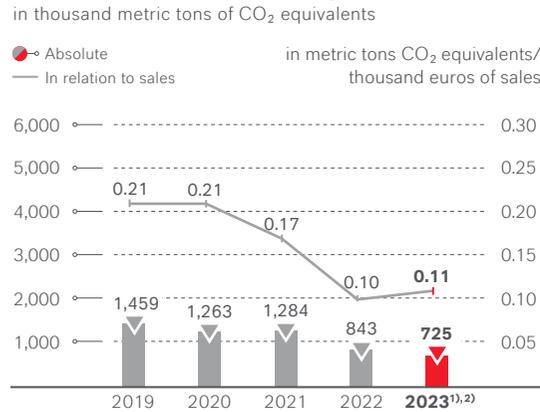
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Greenhouse Gas Emissions (Scope 2)



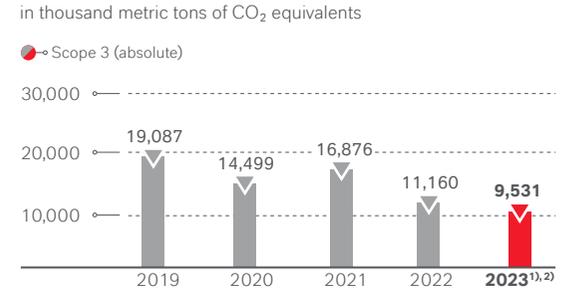
1) Continuing operations
2) LANXESS total: Scope 2: 1,016, specific: 0.14

Greenhouse Gas Emissions (Scope 1)



1) Continuing operations
2) LANXESS total: Scope 1: 801, specific: 0.11

Greenhouse Gas Emissions (Scope 3)



1) Continuing operations
2) LANXESS total: 10,333



The transition from coal to biomass at our Indian sites continues apace and is contributing to the reduction of our CO₂ figures. Although absolute Scope 1 emissions decreased, specific Scope 1 emissions increased slightly year-on-year as a result of lower sales.

For continuing operations, Scope 2 emissions are also significantly below the previous year's level. This development is based on the one hand on a slightly lower production volume and on the other hand on the growing percentage of renewable indirect energy.

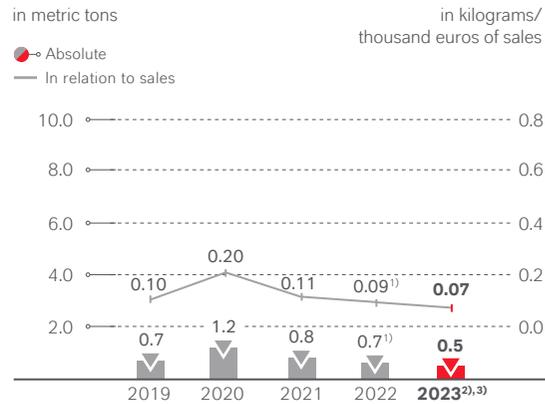
Compared to the previous year, the specific figure increased slightly due to lower sales.

In fiscal year 2023, we again registered significantly lower Scope 3 emissions due to a change in raw materials purchasing.

Other atmospheric emissions



VOC Emissions



1) Figure restated
 2) Continuing operations
 3) LANXESS total: VOC: 0.5, specific: 0.07



In fiscal year 2023, absolute VOC emissions decreased slightly again. Specific emissions are therefore also below the previous year's level.

Systematic energy management

A high level of energy efficiency improves not just our emissions footprint but also our cost position, thus ultimately making LANXESS more competitive. Our global energy management promotes projects that increase energy efficiency in our plants. In each business unit, energy officers ensure the ongoing improvement of energy-related performance. Technical experts from the central departments help the local teams to identify and implement effective projects to increase efficiency.

With this efficiency improvement target, we have taken part in the Energy Efficiency Networks Initiative, established by the German federal government and leading industry associations, with several German sites since 2017. For example, our Mannheim site also participated in the ChePap 2 network in the reporting year, the Bitterfeld site in the Bitterfeld-Wolfen 2.0 network.

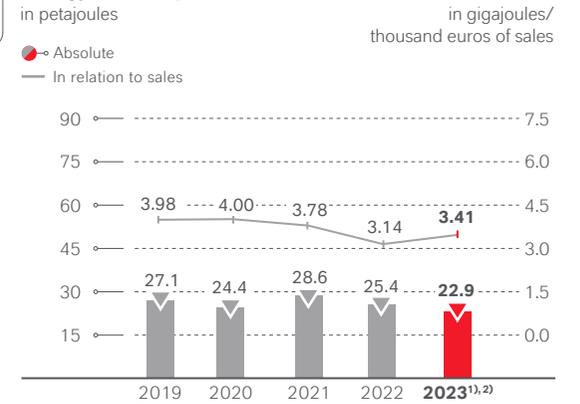
Absolute energy consumption decreased again in 2023. Due to a simultaneous drop in sales, specific energy consumption in the reporting year was higher than in the previous year. Efficiency measures also helped lower energy consumption.

An analysis of energy consumption by region shows stark regional differences both in the amount of energy and the types of energy source.

Since the German sites account for the largest share of production volume, the most energy is also consumed there. At the networked sites in the Lower Rhine region, the site utility company mostly provides indirect energy sources. LANXESS operates most sites in the U.S., where according to the balance sheet only direct energy sources are used. In EMEA, the energy mix shifted slightly in favor of direct energy sources. In the Latin America and Asia-Pacific regions, the large share of biomass-based direct energy sources is particularly notable.



Energy Consumption (Balance Sheet)



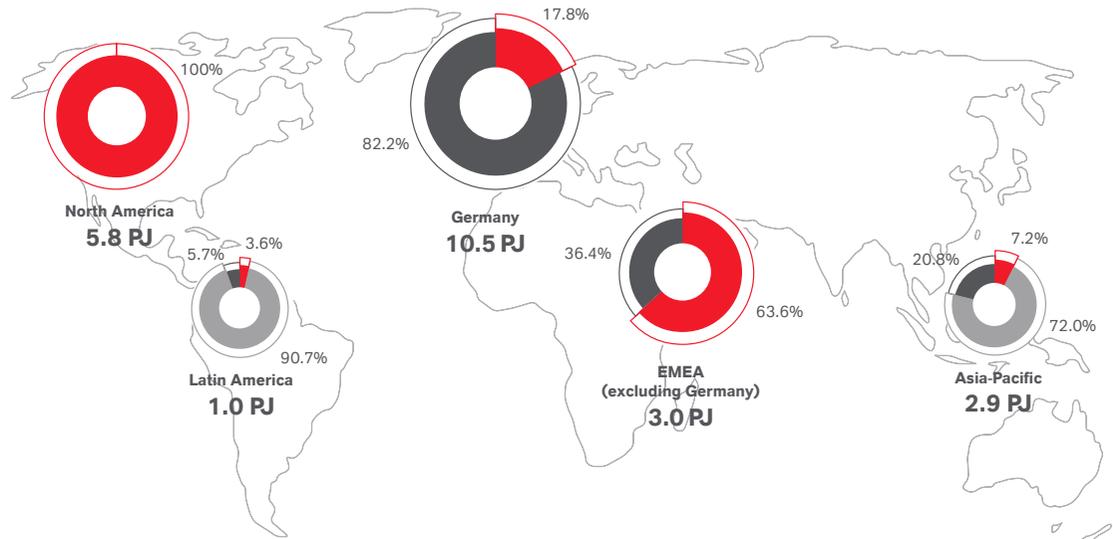
1) Continuing operations
 2) LANXESS total: Energy: 23.8, specific: 3.35



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Direct and Indirect Energy Consumption by Region¹⁾

in petajoules/%



- → Direct energy sources (excl. biomass)
- → Direct energy sources (only biomass)
- → Indirect energy sources

1) Continuing operations

Sustainable logistics

We select our transportation solutions individually worldwide in line with the principles of safety, punctuality and cost-efficiency. In doing so, we also take into account the CO₂ emissions resulting from our supply chain.

NFR

We are endeavoring to transition from road transport to intermodal transport options. For example, we use digital solutions to record the status of ship transports early on so that we can plan the subsequent land transport with means of transport with the lowest possible emissions.

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Furthermore, we plan to make increasing use of comparatively low-emission combined-transport options, where most of the distance involved is covered by rail, barge or sea vessel, thus keeping journeys by road to a minimum. Europe in particular has good infrastructure for this kind of transport. One good example of this are the links between the plants in the Lower Rhine region, in particular Leverkusen and Uerdingen. The new concepts connecting the plants in the Lower Rhine region to European international ports are key to making our transport solutions sustainable.

When selecting our logistics service providers, especially for overland transport in Europe, we take particular note of EcoVadis and SQAS Standard certification. This allows us to focus on sustainability and fulfill our environmental and social responsibilities alike.

[Further information on our climate strategy can be found in the "Climate" Background Paper.](#)



GOOD GOVERNANCE AND ENERGIZED EMPLOYEES



Good governance

LANXESS's corporate culture is based on five central values: respect, ownership, trust, professionalism and integrity. These values apply always and everywhere – and to all employees. We seek to foster a corporate culture in which responsible and morally irreproachable actions and striving for performance complement each other.

Our central values, supplemented by operational guidelines and organizational structures – summed up as good corporate governance – enable our employees to act responsibly in their day-to-day work and thus turn a relatively abstract concept into a specific corporate success factor. At LANXESS, good corporate governance is embodied by a values-based and safety-conscious corporate culture, effective management systems and a commitment to internationally recognized principles of responsible management, such as the principles of the U.N. Global Compact.

We also ensure responsible business activities with our [committee structure](#) geared toward effective sustainability management and with our [integrated management system](#) that provides for the necessary global structures in all business processes.



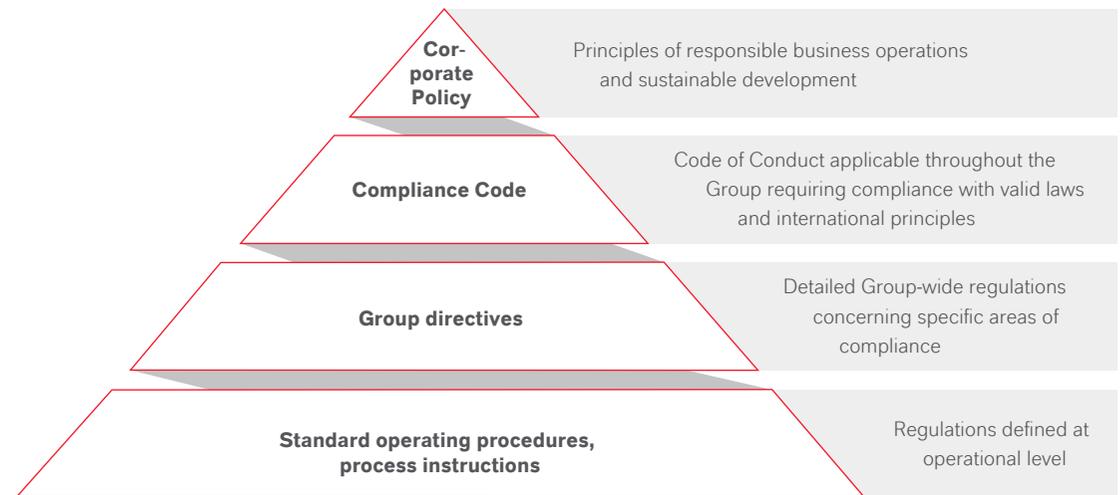
Compliance organization

For LANXESS, responsible corporate governance particularly implies compliance with legal and internal standards and ethical principles to which all employees must adhere. Our global compliance organization – comprising the Group Compliance Officer, the regional Compliance Officers, and a network of local Compliance Officers – supports all areas of the company in implementing



appropriate measures to counter unlawful or unethical conduct within the LANXESS Group at an early stage and to prevent misconduct. The compliance organization is also available to all employees as a point of contact for any compliance-related issues. The direct reporting line from the Group Compliance Officer to the Board of Management guarantees that the Board of Management members receive regular information.

Clear Rules Provide Guidance





Internal guidelines and regulations

Our Corporate Policy lays out principles of responsible business operations and sustainable development and defines our general corporate philosophy and the expected conduct of all employees in relation to our stakeholders.

The LANXESS Code of Conduct, which is applicable throughout the Group, requires all our employees – across all organizational units, regions and hierarchy levels – to behave lawfully and with integrity. Through correct and proper conduct, each employee is responsible for helping to prevent harm to LANXESS and increase the company’s value over the long term. The code covers issues such as human rights, cartel and antitrust law, anti-corruption, data protection, occupational, product and plant safety, and environmental protection.

Other Group directives or Group-wide standards, such as the HSE directives and the anti-corruption standard, define the specific application of regulations in the individual areas of compliance covered by the code and are binding for our staff throughout the Group. On the basis of these LANXESS directives, more detailed regulations that also take account of local requirements are defined at the operational level in standard operating procedures and process instructions, etc. The applicable directives, standard operating procedures and guidelines are accessible to all employees. Employees are also regularly informed of new and updated regulations relevant to them.



Human rights

In line with our values and operational guidelines, we are committed in our markets and supply chains to promoting respect for human rights at all times and systematically preventing child and forced labor, for example. At LANXESS, human rights and ethical principles apply without restriction, even if they are not stipulated in the legislation of individual countries. Our target is formulated with corresponding clarity: in all areas over which LANXESS has control, there should be no breaches of human rights. We have included all relevant information on our commitment and on the measures established in the Group to protect human rights in the “LANXESS Position on Human Rights.”

Direct responsibility for ensuring that human rights are respected at all times lies with the respective management at our sites, supported by our global compliance organization and by the regional and local Compliance Officers. At Group level, human rights are subject to evaluation at least once a year as part of our risk management system. We also carry out human rights risk analyses on an annual and ad hoc basis across the Group. These take account of the requirements of the German Act on Corporate Due Diligence in Supply Chains (LkSG) and cover our own business units as well as direct and, where necessary, indirect suppliers. If risks are identified, suitable preventive or corrective actions are taken. The risk assessments are coordinated by Group headquarters and carried out by the responsible departments. The assessments confirm that there is a high level of awareness of the subject and that functioning mechanisms have been established to prevent violations of human rights.



Furthermore, all organizational units at LANXESS and their business activities are subject to regular internal and external audits. It goes without saying that these activities also include monitoring respect for human rights and – if necessary – the introduction of suitable measures to guarantee this.

Our Code of Conduct includes unambiguous instructions regarding the respect of human rights. The code, which all new employees receive with their employment contract, is also an aspect of general training measures. In addition, we hold training sessions geared toward specific selected human rights issues such as occupational safety. In the event of suspected human rights violations, our employees and external third parties can report them in various ways. For example, the Compliance Helpdesk and the “SpeakUp” reporting system can be used to notify the compliance organization – also anonymously if they wish.

We have no reports or knowledge of any systematic discrimination against LANXESS employees on the basis of skin color, age, gender, sexual orientation, origin, religion, physical and mental abilities, trade union membership or political opinion. In individual cases, misconduct by employees in respect of colleagues or third parties was reported in the reporting year. We will not tolerate verified misconduct and it will result in appropriate disciplinary measures up to and including dismissal.



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We also expect our suppliers to commit to values and rules, especially the principles of the U.N. Global Compact and the ILO Labour Standards, and to establish adequate systems for ensuring legally compliant and responsible behavior. When we select new suppliers, it is essential for us that they acknowledge the principles on respect for human rights contained in our Business Partner Code of Conduct or have established their own comparable regulations and management systems in line with the U.N. Global Compact.

In addition, we promote responsible action in the supply chain with our involvement in the Together for Sustainability (TfS) initiative, which we operate jointly with other international chemical companies. Under this initiative, companies that supply significant goods and services are regularly assessed in the context of TfS audits. These supplier assessments also cover compliance with aspects of our Business Partner Code of Conduct, such as compliance with human rights, including with regard to child labor and forced labor. In the reporting year, we received no indications of human rights violations by our suppliers. We generally have structures in place to follow up individual indications of rights violations as part of our established processes.

We have also established the necessary sales-related processes to fulfill our responsibilities. This particularly includes our processes for central product monitoring and for trade compliance, especially with regard to regulations

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for preventing dual use. We also systematically evaluate the impact of our products on people as part of our portfolio analysis.

All acquisitions of companies, interests in companies, or businesses are subject to a careful due diligence process to ensure that human rights are also respected by the target company.

Thanks to our long-standing, proven mechanisms for compliance with human rights due diligence obligations – both in our business operations and in the supply chain – we believe we are well prepared for the regulatory developments formalizing the protection of human rights in many regions of the world. Our “Social & Governance” sub-committee has taken on the task of closely examining the growing legal requirements in an interdisciplinary team of experts and coordinating the necessary measures. We report on compliance with our due diligence obligations under the German Act on Corporate Due Diligence in Supply Chains on our [website](#).

Anti-corruption

By signing the U.N. Global Compact, we have undertaken to actively counter all forms of corruption. This undertaking is also contained within the LANXESS Code of Conduct, wherein we make all employees aware of this topic. Our target is clear: no incidents. Prevention of corruption is part of our general compliance management system. Group-wide guidelines define organizational measures

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and regulations for setting up the compliance management system as well as responsibilities for implementation, support and continuous monitoring of the system. The respective site management, supported here too by our global compliance organization and by regional and local compliance officers, is responsible for preventing instances of corruption at all times.

A Group-wide standard provides clear guidance regarding incentives. Our employees are prohibited, either directly or in connection with their professional duties, from offering personal advantages to the employees of other companies – in particular when initiating, awarding or handling an order or assignment. Our employees are likewise prohibited from accepting such advantages or requesting them for themselves. If an employee is offered such gifts, they must immediately notify their supervisor or the compliance organization. Exceptions may be made for occasional, low-value gifts (e.g. promotional gifts).

LANXESS must not grant advantages of any kind to public servants or other officials in Germany or abroad. When commissioning service providers who have contact with officials on behalf of LANXESS, employees must likewise ensure compliance with the prohibition on corruption. It is one of LANXESS’s basic principles not to support any political parties or groups. LANXESS is involved in large industrial associations, which we regard as fundamental to representing our interests. We disclose contributions and spending on political activities transparently.



Donations require approval from the Corporate Communications central function – depending on the value – or from the Chairman of the Board of Management of LANXESS AG, in both cases after prior consultation with the compliance organization.

To enhance our employees' awareness of these rules of conduct, the issue of corruption is regularly covered by compliance training. In addition, we hold specific anti-corruption training aimed at exposed professional groups and countries. In the reporting year, we recorded more than 6,000 participations in compliance training sessions worldwide. If there are indications of compliance violations, our employees and external third parties can contact the compliance organization – anonymously if they wish. Our Group-wide "SpeakUp" reporting system allows all employees or external third parties to report potential violations in writing or by telephone in over 20 languages and guarantees secure and anonymous communication between the compliance organization and the individuals making the reports.

The Corporate Audit function examines the implementation of and adherence to our compliance principles in the LANXESS Group. This also includes reviewing the measures to prevent corruption. The annual audit planning, which covers all business units, follows a risk-based approach, which also considers the exposure to corruption.

Last year, we received no reports or other indications of cases of active corruption or acceptance of bribes by LANXESS employees. Verified cases of fraudulent

More than
6,000
compliance
training
sessions
attended



behavior on the part of LANXESS employees lead to appropriate disciplinary actions up to and including dismissal as well as consideration of further legal steps. In the reporting year, we recorded a single-digit number of such cases, but these did not have any further significant effects for LANXESS.

We also communicate our clear expectations for the prevention of corruption to our suppliers and service providers in our Business Partner Code of Conduct. It makes the clear demand that our suppliers must not engage in bribery, fraud or extortion. It is essential for us that they acknowledge the principles contained in the Business Partner Code of Conduct or have established their own comparable standards. If suppliers or service providers do not comply with these principles, this may lead to the termination of the contractual relationship.

To avoid conflicts of interest, all employees must separate their personal interests from those of the company. Our Code of Conduct clearly requires employees to disclose potential conflicts of interest, for example as a result of secondary employment or personal business relationships that could conflict with the interests of LANXESS. There were no verified conflicts of interest in the reporting year. We will not tolerate verified misconduct and it will result in appropriate disciplinary measures up to and including dismissal.

LANXESS complies with all applicable anti-money laundering and terrorist financing laws and regulations. We do not do business with partners that are subject to relevant sanctions, that engage in illegal business activities



or whose funds are derived from illegitimate sources. To ensure this, LANXESS describes the requirements placed on our business partners in the Business Partner Code of Conduct and has established a Group-wide trade compliance management system. We did not receive any reports or other indications of cases involving money laundering or terrorist financing at our company for the last fiscal year.

Employees

LANXESS works consistently to be a sustainable and enduringly successful chemicals company. Our success is based on the personal commitment of each individual employee and high-performing, diverse teams. Our goal is to enable our employees to shape their professional lives actively and to create a safe, productive and motivating environment. This makes us attractive to applicants of all ages and skill levels and enables us to counter demographic change and the shortage of skilled workers while also promoting a diverse workforce in which everybody feels included.

An HR strategy ([see page 41](#)) based on four pillars helps us to achieve our goal. We are continuously enhancing it in order to appropriately support our employees at all times in the diverse and sometimes complex change processes at LANXESS. In times of profound social and business transformation processes, change management is generally growing in importance. Another major driver of change is the consistent digitalization of our business processes.



The still challenging market conditions and weak economy, which hit our sector particularly hard, posed major challenges for the company and, in turn, for our employees in the reporting year. LANXESS is resolutely tackling these challenges through the FORWARD! action plan to stabilize the company in the short term and make it more structurally efficient in the long term. Short-term immediate measures under the program in 2023 included a hiring freeze throughout Europe, postponing the global Merit round from April to October, suspending the Individual Performance Payment (IPP) rewarding particularly good performance from the second quarter onward, significantly reducing the Annual Performance Payment (APP), a six-month voluntary salary cut for the Board of Management (25% of fixed salary) and at executive level (10% of fixed salary) and, for Germany, a 65% reduction in the collectively agreed annual benefit. As part of negotiations with the Group Works Council, it was agreed to suspend the collectively agreed demography payment in Germany for 2024. Structural personnel measures included 870 job cuts worldwide, more than half of which in Germany. This downsizing is achieved by not filling vacancies as they arise, as well as by natural turnover, transfers and the termination of employment relationships, for example by offering severance agreements. Measures under the FORWARD! action plan were communicated to employees in depth.

In times of major change, a strong corporate culture is especially important. The motto for “Performance Culture Day 2023” was “We take the challenge and focus on performance” – because we can only master the major challenges together. The activities emphasized the importance of diversity, openness and feedback and improved communication across business units and hierarchies (see page 51).

This communication is exemplified by the LANXESS women’s network WInX (Women Initiative LANXESS)

established in 2021, which continued to expand and step up its activities in 2023. As well as sessions to stimulate discussion of issues and workshops, other activities on offer included presentation training (see page 43). Health was another priority for HR work in 2023. This was the focus of numerous in-person and online events (see page 52).

Information on life and work at LANXESS can also be found in our “Working at LANXESS” Background Paper.

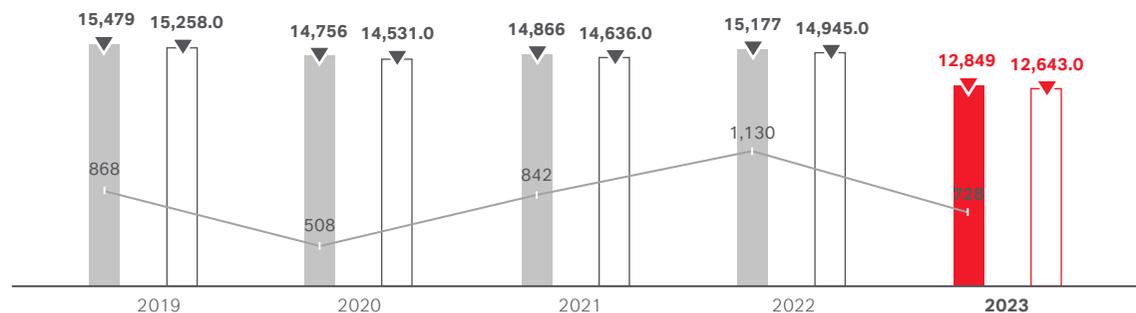
LANXESS HR Strategy





Number of Employees

● Headcount ○ Full-time equivalents — Number of new employees



The figures for 2022 in this table and below include the High Performance Materials business unit. For 2019, the discontinued operations of the Leather business unit are included. All figures relate to the core workforce. The figures for 2018 include ARLANXEO.



Diversity and inclusion

We value diversity and regard it as a strategic advantage. Therefore, we aim to enhance diversity at LANXESS and use its positive effects for our company and employees. A corporate culture that is open equally to all people helps us to become more innovative and efficient and to attract and retain promising talents. Recognizing and appreciating diversity is therefore ingrained in our values, our guiding principles as well as our leadership principles.



We continued to follow our strategic “Diversity & Inclusion” (D&I) concept for promoting diversity, equal opportunities and inclusion in 2023. We are working steadily to make



all HR processes D&I-compliant. We take a holistic view of D&I, focusing on aspects such as gender, nationality, age, disability and sexual orientation.

In 2023, we again encouraged our managers and employees to consider unconscious patterns of thought and bias through the Performance Culture events “Just Do It” and the “Performance Dialog Impulse.”

Ratio of Disabled Employees at German Companies

	2019	2020	2021	2022	2023
Ratio in %	5.9	6.2	6.2	6.8	6.8



Gender diversity remains an important focus topic for us – with the clear target of increasing the proportion of women in the company. In addition, the German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector commits us to set targets in Germany for aspects such as increasing the share of women at the two management levels below the Board of Management.



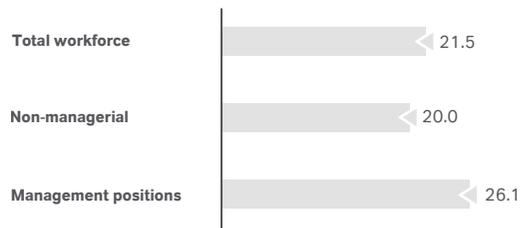
Accordingly, in April 2022 LANXESS set the target of increasing the proportion of female employees to at least 25% at the first level and 28% at the second level below the Board of Management by June 30, 2027. In the reporting year, women made up 23.1% of the first management level below the Board of Management and 28.4% of the second level below the Board of Management.



We have also set further targets above and beyond the legal requirements, and one of our consistent aims is to ensure that women account for at least 30% of all management positions by the end of 2030. At the end of 2023, the proportion was 26.1% (previous year: 25.2%).

Proportion of Women

%



Further D&I targets can be found in the targets table on page 17.

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

D&I (Diversity & Inclusion)
Leverage diversity to improve business results

WInX (Women Initiative LANXESS)
Promote gender equality

Attraction and retention	Advancement	Awareness	Allyship
<ul style="list-style-type: none"> › Attract female talents › Retain workforce and knowledge 	<ul style="list-style-type: none"> › Let role models guide the path › Upskill and coach women 	<ul style="list-style-type: none"> › Increase transparency through KPIs › Reduce unconscious biases 	<ul style="list-style-type: none"> › Foster gender equality with male allies › Get leaders to actively support women

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

Proportion of women ¹⁾	2019	2020	2021	2022 ²⁾	2023	Goal	Target date
First level below the Board of Management	20.9%	16.7%	18.2%	22.5%	23.1%	25%	June 30, 2027
Second level below the Board of Management	25.1%	23.4%	25.7%	24.8%	28.4%	28%	June 30, 2027
Board of Management (number of women)	0	1	1	0	1	– ³⁾	–

1) Figures as of December 31 of the respective fiscal year.
 2) Year when new target was set.
 3) The Second Act on Equal Participation of Men and Women in Management Positions applies here, according to a target is no longer required for the Board of Management and the statutory requirement applies instead.

Recruiting

In the reporting year, we again saw an intensification of the competition for talent in our core markets. The significant development toward an employees’ market and the demographic challenges make recruiting an important strategic issue. To reflect this, we continued to expand and network our recruiting teams in Great Britain and the Netherlands and bolstered our internal

knowledge sharing. Identifying and approaching specific promising external staff, known as active sourcing, has become a permanent tool around the world. Specialized LANXESS recruitment teams work in the U.S., China, India and Europe and, since 2023, in Great Britain and the Netherlands. In order to approach interesting candidates in both an active and a targeted manner, we have our own pool of active sourcing specialists, with whom we largely



replaced external HR service providers in the reporting year. This significantly reduced recruiting costs even in a challenging labor market.

Our recruitment process is highly digitalized. Our software platform covers all processes from recruiting to onboarding to the signing of employment contracts. It helps to make approaching and acquiring new talent standardized, transparent and candidate-focused. We can also keep our business units and global management up to date on the status of an application process at all times through standardized reports. In 2023, we successfully rolled out the software platform in Canada, the Netherlands and Great Britain.

Even in challenging times, we invest in a clear employer brand in order to highlight the advantages of LANXESS as a global and socially responsible employer. Our employer brand centers on authenticity, diversity and, increasingly, sustainability. We communicate this brand via social media, where we share a mix of company, product and HR information in order to spark enthusiasm for our company among talented people from various functions. In the reporting year, we ran numerous social media campaigns with a focus on the U.S. market. Making contact via social media and, in particular, through videos, also plays a key role in education. We also attended university and apprenticeship fairs around the world.

New Employees by Age Group, Gender and Region

	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		Total
Age group	f	m	f	m	f	m	f	m	f	m	
<30	8	20	16	76	12	60	5	12	10	19	238
30–49	17	46	39	106	20	87	5	11	23	47	401
≥50	6	9	3	37	8	21	0	0	2	3	89
Total	31	75	58	219	40	168	10	23	35	69	728
Region total	106		277		208		33		104		
%											
Age group	f	m	f	m	f	m	f	m	f	m	
<30	26.7	17.2	8.2	9.4	20.5	34.4	11.5	24.1	27.0	24.1	15.0
30–49	9.4	9.0	6.0	4.5	10.1	11.7	3.8	3.1	7.4	4.7	6.2
≥50	4.4	1.8	0.5	1.3	3.1	2.7	0	0	2.7	1.0	1.6
Total	8.9	6.7	4.2	3.7	7.8	9.9	4.9	4.3	8.3	4.9	5.4
Region total	7.2		3.8		9.4		4.4		5.7		

Disclosures apply to the core workforce not including conversion of temporary to permanent employees and acquisitions. The total in the table deviates slightly from the figure stated in the text because the table only includes employees of male or female gender. In 2023, we hired five people who indicated their gender as "other/undeclared/unknown." Including temporary employees, the number of new employees increases to 1,216 (all genders included).

Despite difficulties on the labor market and at the company, we were able to fill some urgent vacancies in the reporting year. A total of 728 new employees joined the Group (1,216 including temporary employees). Reflecting increasing demographic change, the new hires were spread across all functions. Overall, 2023 was dominated by the challenges of financial difficulties at the company combined with higher expectations among applicants in a clear employees' market. This combination

makes it increasingly challenging to attract external applicants to LANXESS and fill vacancies. Positioning our employer brand is all the more important and is possible only by raising greater awareness of sustainability issues and ensuring that the chemical industry is viewed as a solutions provider. Increasing product marketing for sustainable products (Scope Blue) on social media was helpful here.



Our international graduate trainee program is a fundamental tool for securing talent in Germany. Exceptionally well qualified master's graduates are prepared for challenging specialist and managerial tasks and can gather valuable experience in Germany and abroad. In addition to an engineering orientation, LANXESS also offers attractive areas of activity for economics graduates. Our young talents receive diverse practical learning opportunities as well as targeted training and opportunities for internal networking. In 2023, we acquired 14 new talents (five women, nine men). The goal remains to hire them once they have successfully completed their management apprenticeship and for them to take on leadership positions in the medium and long term.



Vocational training

Training young people has always been hugely important to us, both in order to safeguard the company's future and as part of our social responsibility. Vocational training is the basis of our strategy of developing specialist staff for the German sites from within our own ranks.

It is our aim to retain at least 80% of our apprentices after successful completion of their training. Given the difficult economic conditions and structural changes, we fell slightly short of this target in the reporting year at 79.5% (previous year: 85%).

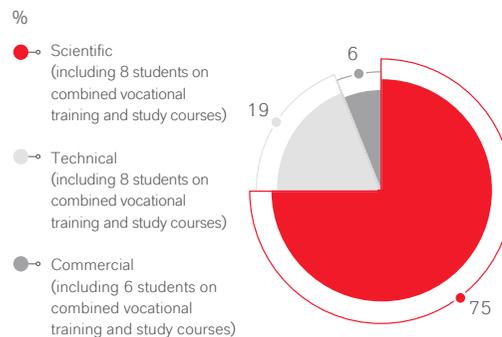
201 apprentices on eight technical, scientific and commercial career paths and young talents in four dual-study programs started their apprenticeships at



LANXESS Deutschland GmbH on September 1, 2023. The proportion of female career starters was 7.5% in the reporting year (previous year: 7%). Taking the new intake into account, 642 apprentices are employed at LANXESS Deutschland GmbH (as of October 1, 2023). The proportion of female apprentices across all years is around 7%. We invested around €22 million (previous year: €22 million) in the vocational training of young talents in 2023.

Training will remain a key pillar of our HR policy in the years ahead. We are importantly demonstrating this with new, modern offerings. For example, we initiated various special campaigns to recruit apprentices. The "Meet & Match – Dreh Dein Ding" event was supplemented with the "Meet & Match – Business" format, which aims to recruit apprentices for commercial careers. At the two events, junior recruits signed an apprenticeship contract within a day after passing a test and an interview.

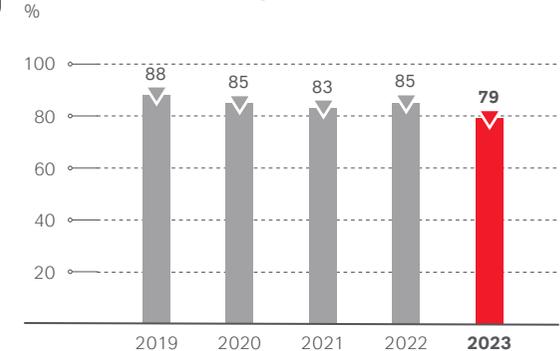
Apprentices by Career Path¹⁾



1) LANXESS Deutschland GmbH



Hire Rate of Apprentices and Students on Combined Work and Bachelor's Degree Courses at LANXESS¹⁾



1) LANXESS in Germany

Outside Germany, we offer apprenticeship programs in several European countries, as well as Canada, Brazil and India, for example, in order to cover our requirement for young talent in those countries. In addition to our regular apprenticeship activities, we also cooperated with the lochpe Foundation in Brazil. The program was launched in July 2022 and ended in May 2023. Through this cooperation, we again enabled ten young people from disadvantaged backgrounds to take part in a training course at our production site in Porto Feliz. In India, the government supports an apprenticeship program to give more young people the opportunity to acquire qualifications required to work in the chemical industry. Within this framework, a total of 45 apprentices worked for us at the LANXESS sites in Nagda and Jhagadia in the reporting year.



1) This figure is the ratio of apprentices at LANXESS Deutschland. The number of LANXESS Deutschland employees undertaking an apprenticeship is expressed as a percentage of the core workforce of LANXESS Deutschland (employees with a permanent, full- or part-time employment contract) plus the apprentices of LANXESS Deutschland.

Strategic workforce planning

The increasing average age of our employees in conjunction with the scarcity of young talent in some regions means that the competition for qualified employees is growing fiercer. Therefore, we have been investing in our own apprenticeship and management trainee programs for years in order to cover our requirements for specialist

staff chiefly from our own ranks in the future. Despite the challenging situation at present, we are still looking ahead to the future and continuing to work on retaining young staff at our company. As part of this, we offer attractive development opportunities. The personnel conferences introduced in 2020 for the production and technology (P&T) workforce have become successfully established and a proven planning instrument. They take place annually and serve the purpose of strengthening rotations and development in operations in particular. Various workstreams were launched in 2022 to cater more closely to the personnel needs and challenges of P&T. HR and the department in question devised joint solutions to specifically gear talent acquisition, remuneration, work flexibility and employee retention and development to P&T requirements. Four of the seven working groups have already met their targets. The other working groups will be reassessed and potentially restructured at the next personnel conference.

To pass on the immense knowledge of our employees entering retirement to subsequent generations, we

successfully rolled out a knowledge transfer program in 2021. It aims to identify departing knowledge carriers at an early stage, systematically record their implicit knowledge, and ensure its structured transfer to subsequent generations. This is achieved through moderated transfer processes (expert debriefings) and self-guided processes (learning tandems). Since the project was initiated in 2021, there have been 35 successful expert debriefings and five learning tandems in Germany, the EMEA region and the U.S. Expertise is centralized and digitalized as part of the knowledge transfer program. A plant-specific knowledge database – the Plant Wiki PLUS – has already been introduced at four German plants. LANXESS received the HR Excellence Award for the project in 2022 and took second place in the German “Personalwirtschaftspreis” (Human Resources Award) in 2023.

We use our global strategic HR planning process to simulate the long-term development of our global workforce. We use a planning tool to simulate the development of our workforce given various assumptions, from which we derive our requirement for new staff. The analysis includes data on retirements as well as voluntary turnover, with the assumptions used for the analysis varying country by country. Our aim is always to identify staff shortages at an early stage so that we can take measures and countermeasures in good time.

Further information on learning and development can be found on page 51–56.



Employees by Age Group, Gender and Region¹⁾

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		Total
	f	m	f	m	f	m	f	m	f	m	
<30	25	85	178	753	56	171	41	47	32	55	1,443
30–49	166	417	632	2,267	196	729	122	343	292	909	6,073
≥50	133	416	540	2,699	249	752	31	125	73	315	5,333
Total	324	918	1,350	5,719	501	1,652	194	515	397	1,279	12,849
Region total	1,242		7,069		2,153		709		1,676		

1) In total, we had 12,849 employees in the reporting year.

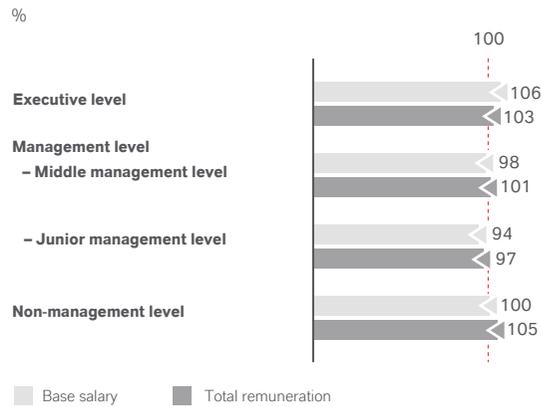


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Remuneration and benefits

Our remuneration policy offers fair and competitive remuneration worldwide, chiefly based on relevant external benchmarks, level of professional experience and quality of work, regardless of the gender of the employees. We regularly reassess the fixed annual salary of our non-pay-scale employees on the basis of these factors in our annual salary review. Salary increases for our pay-scale employees follow the applicable collective agreements. The remuneration ratio of women and men is reviewed regularly and analyzed including other factors.

Remuneration Ratio of Women to Men



The difference between the average remuneration for men and women at LANXESS is less than $\pm 6\%$ for all individual levels. These salary differences represent the most critical approach and are influenced by further, non-gender-specific variables – such as professional experience, salary

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differences due to geography or function, or differing work histories. It is close to the clear goal of our HR policy to have no differences in pay on the basis of gender. Our Diversity & Inclusion measures also contribute to this (see page 42).

As part of the transparent remuneration in line with market conditions, LANXESS offers most of its employees bonus systems geared toward the company’s long-term success. In total, 92.3% (previous year: 86%) of LANXESS employees worldwide participated in our variable compensation systems in 2023. Nevertheless, the amounts paid out were far lower in 2023.

The central performance-based compensation component is the Annual Performance Payment (APP), which we provide on a non-pay-scale basis and in most countries within the pay scale on top of fixed pay. This bonus payment is linked to our key controlling indicator, so requires the Group’s attainment of a defined EBITDA pre target. Further individual targets in areas such as safety and sustainability additionally apply to top management. In April 2023, we shared around €68 million of our profits for fiscal year 2022 with our employees worldwide (2021: €136 million). This was far lower than in the previous year, reflecting the strained business performance in 2022.

With the Individual Performance Payment (IPP), managers can also reward employees’ extraordinary individual achievements during the year in a prompt and unbureaucratic way. About 91% of our employees worldwide are entitled to receive the IPP. Around €0.2 million was

awarded in fiscal year 2023. The amount was considerably lower than in previous years on account of the company’s financial situation.

In addition, we offer a long-term incentive program for our managers in Germany. There are similar programs in the U.S. and India. The Long-Term Stock Performance Plan (LTSP) consists of four tranches commenced each year and tracks the performance of the LANXESS share compared with FTSEurofirst 300 Eurozone Chemicals Index, over a period of four years in each case. In addition, there is a Share Ownership Guideline (SOG) for the Board of Management and our top-level managers in order to emphasize trust in the strategy and long-term success of LANXESS (see “Compensation Report,” page 15). 100% of those eligible participated in the current LTSP program in 2023.

Another core element of our offering is the company pension plan for plugging potential gaps in provision in old age. The design of the company pension plan differs from country to country depending on the state pension system. LANXESS’s pension commitments often go beyond what is required by law. They are funded by employer and/or employee contributions. In Germany, employees can voluntarily increase their pension and receive an additional grant from LANXESS. 73% of employees participate in the supplementary component of the current pension plan. Other offerings facilitate the transition into retirement, such as the long-term account for pay-scale employees in Germany. The participation rate in 2023 remained at a high level of around 90%.



Working conditions and benefits

In addition to fair monetary remuneration, flexible working conditions and benefits are becoming increasingly important. As components of total remuneration at LANXESS, they make a material contribution to the wellbeing and productivity of our workforce. It is important to us that the benefits support our corporate targets, values and culture and address the relevant needs of our employees. When designing these benefits, we often go further than the respective statutory framework. In addition, we always aim to account for individual needs and life situations in the best possible manner.

All services apply to our core workforce. Even so, some individual services in the regions may have differing structures and be locally adapted to the needs of our employees. Our core workforce includes all employees with a permanent full-time or part-time employment contract. As of December 31, 2023, this was 93% (previous year: 93%) of our total workforce worldwide.



In line with our office-based employees' desire for more flexible working and working-time models, we introduced "Xwork – Flexible Work" and global flexibility principles five years ago. A significant aspect of this flexibility is the ability to work remotely. The last few years have shown that much of our office employees' work can be done from home.



For creative activities and team interactions, however, going into the office is still indispensable for success and employee wellbeing. Accordingly, employees can work remotely for an average of up to eight days a month in addition to working in the office – provided the tasks are suitable for remote working. Guidelines to this effect were adopted in the U.S., Great Britain, India and in central and eastern Europe. Countries in which no LANXESS guidelines on remote working previously existed, such as Korea and Australia, have now also published internal guidelines.



The "flexitime" model derived for Germany from the Xwork principles aims to enable employees in management to work part-time in an intelligent way. In the Flexi-95 model, the level of employment is reduced to 95% with a corresponding adjustment to remuneration, meaning that a full-time worker is entitled to 13 extra days off per year. Corresponding models with levels of employment of 90% and 85% are also possible. Flexitime has been available to all non-pay-scale employees since the start of 2021. In 2023, there were 199 active participants, of which 55 in senior management.

LANXESS Employee Structure by Employment Type, Gender and Region (also including employees on fixed-term contracts)¹⁾

Contract	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		Total
	f	m	f	m	f	m	f	m	f	m	
Permanent contract	324	918	1,350	5,719	501	1,652	194	515	397	1,279	12,849
Full-time	280	887	875	4,410	496	1,652	194	515	393	1,279	10,981
Part-time	44	31	475	1,309	5				4		1,868
Temporary contract	25	27	109	694	5	5	27	29	17	52	990
Full-time	21	27	80	646	5	5	18	19	15	51	887
Part-time	4		29	48			9	10	2	1	103
Total	349	945	1,459	6,413	506	1,657	221	544	414	1,331	13,839

1) In total, we had 13,844 employees in the reporting year (including temporary employees). The difference of five employees is because five employees indicated their gender as "other/undeclared/undefined." In fiscal year 2023, we also employed a total of 41 temporary staff members (10 women, 30 men and one person "undeclared") at our German companies.

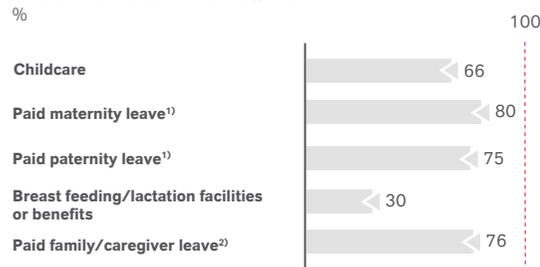


Work/life balance has become even more important under the difficult conditions of the coronavirus pandemic. Since January 2023, we have offered our employees in Germany a number of new childcare options, such as two additional daycare center locations. A total of 8% of the workforce in Germany aged between 20 and 40 were on parental leave for a time. Of this figure, 57% were fathers. 100% of the employees who ended a parental leave period in 2023 returned to a job at LANXESS, 99% of which still worked in the company at the end of 2023.

The legally defined framework for maternity rights and parental leave taken for granted in Germany and similar models in the European Union are by no means standard worldwide. Therefore, at our sites outside Europe, we are assessing whether we can introduce or expand country specific models for our employees. In Brazil and the U.S., for example, we offer parental leave programs that go beyond the respective legal requirements and allow our employees to spend time with their children on full pay.

Against a backdrop of demographic change, care is a major issue in Germany. The centerpiece of the LANXESS care model is caregiver leave, which allows our employees to reduce their working hours by more than their pay during the care period and to work off the hours commensurate with the pay they received after their return. Caregiver leave and time off have been used by more than 150 employees in Germany since

Options for Childcare, Maternity/Paternity Leave and Care Models Worldwide



1) Beyond legal requirements.
2) Besides parental leave.

Coverage is shown in percent for each initiative with regard to the countries and the total number of employees.

the LANXESS care model was introduced. In addition, the supplementary long-term care insurance "CareFlex" was launched in Germany in mid-2021. We thus offer our pay-scale employees additional protection against the risks and strains that arise for those affected and their families when care is required but are not covered by statutory long-term care insurance. The costs of the additional insurance cover are borne entirely by LANXESS. Since the beginning of 2022, CareFlex has also been available to our managerial employees. In fiscal year 2023, about 7,700 employees took advantage of this offer.



Commitment and loyalty

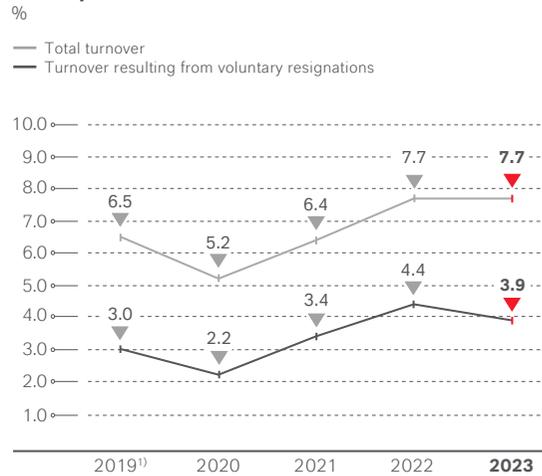
Committed and motivated employees are the key to long-term corporate success. Accordingly, we pay special attention to encouraging the commitment of our employees. Good management helps here, as do personal development prospects and company values with which the employees can identify. All these factors shape the LANXESS corporate culture, which we actively strengthen and develop with regard to the constant new challenges in our markets.

Since 2021, internally trained culture coaches have made an important contribution here. They start and supervise cultural initiatives in their own area and can be involved in major change processes. Regular performance culture touchpoints serve communication on cultural issues. For example, the cross-location Performance Culture Network in Germany meets online on a regular basis for a critical discussion of culture issues. Additional regional performance culture groups were established in the U.S. and EMEA region in 2023 (see pages 42 and 53).

Regular and structured feedback is another important element of our corporate culture. To this end, we use different survey formats to allow feedback relating to the satisfaction and commitment of the various employee groups. Employee surveys were carried out at selected locations in 2023, for example in the U.S. and the Netherlands.



Development of Turnover Over Time



1) The turnover rate is the sum of departures (from the Group) in the last twelve months divided by the average of the headcounts at the end of the last four quarters. It therefore includes employer- and employee-initiated departures as well as retirement. Since fiscal year 2019, temporary absences, e.g. due to parental leave or lengthy illness, are no longer counted as departures.



The turnover rate on the basis of resignations is an important indicator of our employees' commitment. Our goal is to continuously keep this ratio below 3.5% until the end of 2023. In the reporting year, the global voluntary turnover rate was 3.9% (previous year: 4.4%), meaning that we unfortunately missed our target for this year. The retention of employees, especially talented ones, is a growing challenge, as the labor market has clearly become an employees' market. In terms of HR strategy, it is therefore increasingly important to keep specialist staff within the company. Accordingly, we are also intensifying



our internal employer branding, for example by tailoring it individually to the different age groups in the company. We also inspire a strong sense of belonging among our workforce with various opportunities for internal networking, which we are increasing in a targeted manner.

In Germany, the voluntary turnover rate was 2.6% (previous year: 2.8%). The percentage of employees who



left our company of their own accord within three years of being hired (early turnover) stood at an average of 1.3% worldwide in the reporting year (previous year: 1.7%).

We rate our performance in relevant rankings and competitions as a further sign of our employees' satisfaction and the attraction of LANXESS as an employer. In Brazil, LANXESS was recognized as the best employer in the



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

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		Total	
	f	m	f	m	f	m	f	m	f	m	%	Abs.
<30	6.7	6.9	1.0	1.2	5.1	8.0	4.6	6.0	8.1	11.4	3.5	56
30-49	3.3	3.3	1.5	0.6	3.5	2.8	0.8	0.8	1.9	1.6	1.6	101
≥50	0	1.0	0	0	1.9	1.6	0	0	0	0	0.4	22
Total	2.3	2.7	0.9	0.4	2.9	2.8	1.5	1.1	2.1	1.8	1.3	179
Region total	2.6		0.5		2.8		1.2		1.9			
Region total (absolute)	38		36		62		9		34			

Early turnover: percentage of employees who left our company of their own accord within three years of being hired.

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

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		Total	
	f	m	f	m	f	m	f	m	f	m	%	Abs.
<30	6.7	11.2	5.2	5.7	6.8	13.8	9.2	8.0	16.2	15.2	7.9	125
30-49	9.4	8.4	4.0	2.9	10.1	6.9	2.3	2.8	3.9	4.4	4.6	293
≥50	4.4	2.7	1.4	1.2	3.1	3.7	0	0	5.5	1.0	1.9	104
Total	7.2	6.2	3.2	2.5	6.2	6.2	3.4	2.6	5.2	4.2	3.9	522
Region total	6.4		2.6		6.2		2.8		4.4			
Region total (absolute)	94		190		136		21		81			



Total Turnover by Age Group, Gender and Region

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		Total
	f	m	f	m	f	m	f	m	f	m	
<30	2	14	10	59	4	35	6	6	10	17	163
30-49	21	54	29	83	27	74	11	24	22	77	422
≥50	10	41	25	204	28	105	2	12	8	29	464
Total	33	109	64	346	59	214	19	42	40	123	1,049
%											
Age group	f	m	f	m	f	m	f	m	f	m	
<30	6.7	12.0	5.2	7.3	6.8	20.1	13.8	12.1	27.0	21.5	10.3
30-49	11.7	10.6	4.5	3.6	13.6	10.0	8.5	6.7	7.1	7.6	6.6
≥50	7.3	8.4	4.5	7.3	10.9	13.6	6.7	9.1	11.0	9.2	8.4
Total	9.5	9.8	4.6	5.8	11.5	12.7	9.3	7.8	9.5	8.8	7.7
Region total	9.7		5.6		12.4		8.2		9.0		

chemical and petrochemical industry for the fourth time in a row, while our Indian subsidiary received the FICCI Chemical & Petrochemicals Award 2023 for Sustainability and Excellence. In China, we were again recognized as a top employer for our HR work. In Germany, LANXESS also placed second in the 2023 "Personalwirtschaftspreis" (Human Resources Award).

Employee development and talent management

Only by constantly investing in training our employees and imparting clear, globally binding values and standards can we as a company keep on using the opportunities of changing markets successfully. Wide-ranging leadership and HR development tools enable and motivate our

employees to act on the basis of our values, rethink issues, implement them quickly and devise solutions in a team. We also provided additional opportunities to best support our managers and employees in economically challenging times, for example through social learning and dialog formats, team workshops and digital learning.

In 2023, we carried out some training face-to-face again, but also continued to develop and implement virtual formats. The experience of the last few years has shown us that hybrid formats yield the best results. After its successful launch in 2021, our digital learning platform "LinkedIn Learning" was further rolled out internationally. This means that our employees now benefit from more than 21,000 additional digital learning opportunities

for their professional and interdisciplinary development and the strengthening of future skills. In 2023, LinkedIn Learning helped employees make effective use of the new Microsoft 365 applications. Our internal network includes 70 LinkedIn Learning curators who develop tailored learning pathways, increasing the quality of digital learning. Globally, more than 95% of our workforce received training in the reporting year, including both basic and safety training, as well as further education to further their careers and skills.

Strategic manager development again played a central role last year. Our development programs promote the key skills that managers need in a constantly changing business world. We provide both in-person and virtual management development programs, as this hybrid format ensures an optimum combination of effective training and flexibility, with a mix of face-to-face contact and digital learning. The aim of the programs is to embed our leadership principles more deeply worldwide and to strengthen our leadership culture. Depending on the experience of the participants, basic leadership techniques are conveyed, refreshed and translated into individual measures. Since management practice differs depending on the country and cultural environment, our training programs also take cultural differences into account and include the requirements of digital management.



As well as the training programs, we have prepared a simple overview of the further training we recommend for our managers. These recommendations are regularly updated and are designed to improve individual leadership skills and encourage the ongoing professional development of our managers.



With our global, cross-divisional and cross-hierarchical “compass,” and “eXplorer” talent programs, we support particularly high-performing employees, retain them within the company and identify suitable successors for key positions at an early stage. “Compass” for employees at the start of their career offers guidance for their future career path. The format encourages practical development measures. The core element is a Development Center. “eXplorer” is aimed at employees who have the potential to develop toward major leadership roles at LANXESS in the next few years. Key topics include dealing with complexity, new forms of collaboration and digital and agile leadership principles.

Events were held in person again in 2023, supplemented by virtual and individual learning opportunities. Although the specific targets for female and non-German participants expired in the reporting year, we exceeded our previous quotas: 93 people took part in the talent programs in 2023. The share of 33% female and 56% non-German participants demonstrates that we are committed to strengthening diversity in our talent programs.

International deployments are another key component of our systematic HR development. At the end of 2023, 33 employees – i. e. around 1% of our specialist and managerial staff – were deployed outside their contractual country as expatriates. To support their development, we also send younger employees in particular on shorter assignments abroad throughout the year. It remains our aim to build up local management with specialist knowledge and expertise and assign challenging tasks to suitable employees at our international sites. At sites outside Germany, 88% of our leadership positions are currently held by local employees.

Occupational health and safety

Our occupational health management (OHM) aims to create a safe and healthy working environment, to raise all employees’ awareness of their own health and to motivate them to act on their own initiative and adopt healthy behaviors in their professional and private lives.

The World Day for Safety and Health at Work in April 2023 addressed the impact climate change has on people’s health and safety. A series of health events were organized around the world, including the digital “Health for future” event, which discussed health-related measures to combat climate change. In Germany, we talked to our employees about the links between food, the climate and health and offered skin screening. At the Leverkusen and Uerdingen sites, we organized trade fairs in collaboration with occupational health physicians, a health insurance fund and a PPE manufacturer.

As part of mental health week in October, we looked at how to deal with uncertainty and fear in times of crisis. We ran various campaigns around the world aiming, for example, to promote good mental health. As part of “mindful@LXS,” an online mindfulness program, we provided six modules in English and German on mindfulness training and improving resilience. Screening based on the Vienna stress test was also carried out at the Leverkusen, Cologne and Mannheim sites.

In Germany, occupational health management (OHM) works in three action areas:

- › Company integration management (CIM) for employees with long-term illnesses
- › Division-specific OHM with structured management approach for plants and departments
- › Occupational health promotion with offerings for all employees

All three action areas were worked on systematically in the reporting year and strengthened in line with the company’s overarching health goals.



In 2023, we designed a new seminar for managers and ran the first series of events in Germany and in the EMEA and Americas regions. Working in small groups, managers reflected on their personal self-care and leadership style with regard to how these benefit their health.

In company integration management, we continued our collaboration with an external service provider for case management. Our goal here is to establish uniform quality standards at all LANXESS locations and to provide the growing number of employees who return to work after an illness with prompt professional advice and permanent reintegration.

Expanding the division-specific OHM was a particular priority in 2023. A total of five plants from four German sites and around 450 employees took part in a program with the goal of further improving prevention and health-promoting working conditions and systematically embedding this way of working in the divisions. The internal health groups, whose role involves training employees as health promoters, also worked on this. Measures were also implemented and evaluated that aim to improve ergonomics in plant-specific activities or that address mental health at work.

In occupational health promotion, we arranged activities related to exercise and addiction at the workplace, among other topics, in 2023.

We also promote wide-ranging measures to promote employee health and wellbeing at our international sites. In addition to the physical aspects, the topic of mental health is continuously growing in importance. Findings from neuroscience show that mindfulness-based stress reduction can protect against the effects of chronic stress and improve wellbeing as well as teamwork. Mindfulness is likewise of great importance for the safety culture. Since February 2021, we have therefore offered the “mindful@LXS” program to our employees worldwide.

We address the topic of occupational safety with our global safety initiative Xact. It pursues the goal of gradually lifting the safety culture of LANXESS to a higher level. Starting with top management, all employees are expected to work together to improve safety in the Group. We are doing this because we firmly believe that all industrial accidents are avoidable. As a specific target for occupational safety, we aim to reduce the lost time injury frequency rate (LTIFR, known as MAQ [“accidents per million hours worked”] in Germany) by more than half by the end of 2025 compared to the reference year of 2016 (LTIFR 2.0).

As ever, the work of the Xact team is focused on stabilizing and fostering a positive culture of safety and greater alignment toward behavior-based safety. To this end, we developed a systematic process called the Safety Culture Development (SCD) Process, which was launched globally in 2019.

The six-stage process is centered on a full-day, focus group workshop led by the Xact team. In this workshop, representatives of all hierarchy levels engage in an in-depth discussion on the safety culture in their own plant. In this way, we can identify the individual strengths and weaknesses of the respective plant and initiate targeted improvements. To boost sustainability, a follow-up workshop a few months later discusses how to implement measures at the plant. The Xact team collates and evaluates the results centrally in order to determine global, regional or department-specific trends. Internal communication, training and useful processes and tools are the aspects with the greatest potential for improvement.

By the end of 2023, 99 of the roughly 140 planned focus-group workshops had been carried out in Germany, Argentina, Belgium, Brazil, France, India, Italy, Canada, Great Britain, the U.S. and China. The process was continued in 2024 and open workshops conducted.





Our Safety Culture Development Process



An interim evaluation shows that our employees appreciate the fact that they can contribute personally, receive direct feedback from their colleagues and managers and actively help to shape the safety culture in their own area of activity. The greatest potential for improvement is in the cultural and behavioral reasons for unsafe actions. The characteristics that define our LANXESS safety culture play a fundamental role here. These are:



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



The Xact initiative has summarized these six cornerstones in a guidebook called “How Can Safety Culture Be Made Visible?”. It was introduced worldwide in six languages in early 2021 and is a key element of our communication about safety. In order to make the content of the Xact guidebook more visual, the global Xact-Community developed digital flashcards in which employees presented their own examples and experiences in video messages. Knowledge is imparted and consolidated in interactive exercises. Five of a total of six digital flashcards have already been created and provided to employees in eleven languages on local e-learning platforms. Flashcard #6 “Communication/feedback culture” was created in English and German at the end of 2023 and will be translated into other languages and rolled out internationally at the start of 2024. More than 6,000 employees have already used this learning opportunity.

In accordance with the safety guidelines at LANXESS, every organizational unit, e.g. a plant, is required to carry out regular risk assessments and define suitable measures to protect against potential hazards. Employees are trained accordingly, and the training and the measures are checked regularly. We thus meet the legal requirements and protect employees, contractual partners and visitors to the plant alike.



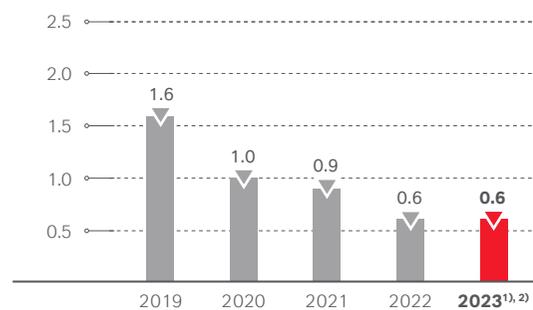
NFR

We also want to reach an improved shared understanding of occupational safety with service providers who perform technical services for us, as well as including them in our safety culture. For instance, our partners must demonstrate that they maintain their own safety management system and have carried out all safety training that is required of all employees who work for us. Regardless of this, we provide personal safety briefings for employees of our partner companies.

Indicators for the assessment of occupational safety at LANXESS are the recordable incident rate (RIR: number of incidents per 200,000 working hours that have to be reported according to the Occupational Safety and Health Administration [OSHA]) and the lost time injury frequency rate (LTIFR: accidents per million hours worked) for accidents with days lost. The LTIFR in 2023 was 0.6 (as of December 1, 2023) and thus higher than the previous year's low level of 0.6, again within our medium-term target of < 1.0.

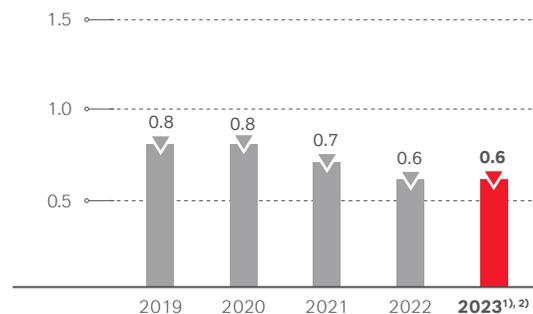
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Work-Related Injuries to LANXESS Employees Resulting in Absence from Work (LTIFR)



1) Continuing operations
2) LANXESS total: 0.6

Work-Related Injuries to LANXESS Employees that are Reportable in Accordance with OSHA Regulations (RIR)



1) Continuing operations
2) LANXESS total: 0.6

NFR

As in previous years, no fatal accidents occurred in the reporting period. The RIR, which also includes accidents with no days lost in accordance with OSHA rules, was 0.6 (as of December 1, 2023) in 2023 and thus in line with the previous year's level of 0.6. Companies have been taking occupational safety increasingly seriously in recent years and so the low number of reports of serious accidents remained unchanged.

All accidents, including significant near-misses, are systematically analyzed with regard to their cause and possible preventive measures. The results of these investigations are, for instance, incorporated into safety updates that are made available to the entire organization. We regard the sharp fall in the LTIFR in recent years and the stable rate at present as evidence that the structured transfer of knowledge and the many occupational safety measures at LANXESS are having a positive effect.



CEO Safety Award

For us as a chemicals company, the safety of our employees, plants and processes is the utmost priority. The international CEO Safety Award, which was bestowed for the fifth time in the reporting year, recognizes particularly successful initiatives and contributions to occupational safety at LANXESS. An important criterion for the award is how easily the submitted contribution can be implemented and transferred to other sites. For example, we are not only anchoring occupational safety even deeper in the minds of all employees, but also illustrating how important it is to learn from each other at LANXESS.

The award was granted in 2023 to a team from India for three effective training methods that reduce risk when working in confined spaces: presence, digital and simulation ("safer confined space work"). The initiative also includes identifying hazards in the confined space and providing training plans, suitable rescue equipment and practical simulation training for rescue teams. The concept has already been successfully put into practice at both Indian production sites.

Second place was awarded jointly to the "Mobile first aid/extinguishing station" (Inorganic Pigments business unit, IPG, Krefeld-Uerdingen) and "Safety goes digital" (Polymer Additives business unit, PLA, Leverkusen) projects.

Employee codetermination

Dialog with chemicals social partners – works councils, 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 them in organizational changes at an early stage.

The first half of 2023 was dominated by the joint venture with Advent. Key aspects here were agreements reached with employee representatives to successful transfer employees to the new company Envalor and the changes to the collectively agreed wage structure agreement this required. The collective bargaining partners were involved in the latter. Negotiations and dialog took place in an environment of constructive collaboration.

Given Germany's economic performance and the impact on the Group, the focus in the second half of fiscal year 2023 was on adjusting the business and, in turn, the workforce to the new situation. The aim was to manage this crisis together with the employee representatives using a range of measures.

Fair dealings with employee representatives and trade unions are also a top priority for us outside Europe. At all our sites, we comply with International Labour Organization (ILO) standards with respect to our employees' freedom of association. Where possible and in compliance with local laws and regulations, this includes regular exchange between local management and trade unions as well as binding, collectively agreed-upon regulations on remuneration and working conditions.

Proportion of Employees Covered by Collective Bargaining Agreements





SUSTAINABLE PRODUCTS

Product responsibility

We see the constant improvement of product safety, which is enshrined as a core aspect of our corporate policy and in the Group-wide management system, as part of our product responsibility. We have undertaken to avoid risks for humans and the environment across all phases of the product lifecycle through safe research, manufacturing, storage, logistics, use and disposal.

With regard to the safety of our products, our ambitions exceed the legal requirements in many areas. Examples of this include the creation of safety data sheets even for substances not subject to labeling requirements and our roadmap for a sustainable product portfolio. Our “Product Safety Management at LANXESS” guideline stipulates how product responsibility is to be implemented throughout the Group and ensures collaboration between all of the parties involved. The Production, Technology, Safety & Environment (PTSE) Group function ensures that laws and regulations are complied with, resulting obligations and preventive measures are derived and their effective implementation monitored.

We classify and label hazardous products (substances and mixtures) in packaged form in accordance with

hazardous substances and hazardous goods legislation before they are used or brought to market. We regularly adapt our electronic safety data system to take account of new features in GHS (Globally Harmonized System of Classification and Labeling of Chemicals) legislation in the different countries. We thus ensure that risks for humans and the environment are avoided in transport, storage, use and disposal.

Complying with global chemicals control regulations across the whole value chain is an essential prerequisite for the sale ability of our chemicals and chemical products. We go to great effort to ensure comprehensive compliance both for our own products and together with our partners – who produce our raw materials, for example – for their products. Particularly in the case of consumer applications, we especially make sure that our products meet high national and international standards, certificates, and quality seals.

Materials that we produce in the EU or import into the EU in quantities of more than one metric ton per year are registered, listed and evaluated in accordance with the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation. We conduct workshops for our REACH officers in the business units at least twice a year in order to present new developments,

promote understanding of the importance of product responsibility and guarantee legal conduct. The REACH requirements have been continuously updated since 2007, so it is necessary to regularly review and revise the registration dossiers. In this context, we support the voluntary Action Plan of the European Chemical Industry Council CEFIC (Conseil Européen des Fédérations de l'Industrie Chimique) and have undertaken to review and – if necessary – update our REACH registration dossiers by 2026 at the latest. Moreover, we welcome the opportunity provided by the European Commission to contribute to the planned REACH revision in a public consultation.

[A statement on the REACH revision can be found here.](#)

The safe use of our products, along both our own and the downstream value chains, is another essential part of our product responsibility. Our business units help their customers to use our products safely and in an eco-friendly way by way of training and advice and shed light on the risks associated with use. In our electronic safety data system, we provide our customers with safety data sheets and extended safety data sheets for all substances and products handled regularly – in some cases including intermediates.



Portfolio development

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

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

The second significant perspective is the product carbon footprint (PCF) and the circular potential of our products. Here, it is important to understand and account for the upstream value chain as well as our own production. Our aim is to continuously reduce our products' influence on the climate, to use sustainable raw materials and to ensure that our products can be recycled.

As a third perspective, we look at the benefit of our products in their application. A sustainable world needs not only sustainably manufactured products but also solutions for new concepts such as in the areas of climate protection or circular economy. For example, additives make a significant contribution to extending the useful life of products or enabling materials to be recycled.

Safe and sustainable products

Using the LANXESS Product Sustainability Monitor, we divide our portfolio into five categories:

› **Energizer:** Products in this category offer outstanding sustainability performance. They meet our ambitious requirements for all criteria. They have no intrinsic properties that give cause for concern. Energizers are manufactured with a very low to low environmental impact. These products contribute to at least one SDG and are experiencing increasing demand

- › **Performer:** These products are sustainable according to the current state of the art. They meet our ambitious sustainability requirements for many criteria. Performers are manufactured with a low to medium environmental impact and have a benefit to society.
- › **Transitioner:** Products in this category do not yet fulfill all LANXESS sustainability requirements. We monitor these products and actively steer them by way of improvement measures and targeted innovation, for example to reduce their environmental impact and make these products more sustainable.
- › **2024/2026 roadmap:** This category covers products with serious sustainability concerns, namely chemical end products with more than 0.1% by mass of substances with the properties of substances of very high concern (SVHC). We manage these products in our roadmap process, in which we examine in particular whether critical substances in the respective chemical end products could be replaced with safe and sustainable alternatives. We do not market new chemical end products in this category.
- › **Phase out:** Roadmap products for which action plans were established between 2021 and 2023 with the target of replacing them with sustainable alternatives by 2030. If using sustainable alternatives is not possible, we will withdraw the products from the market by 2026 and not replace them.

LANXESS Product Portfolio



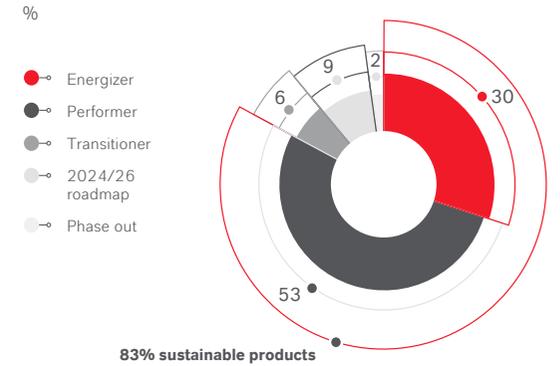


In 2023, we already generated 83% of our total sales with products that fulfill our sustainability requirements. 17% of our sales were attributable to products that did not (yet) completely fulfill these. As of the 2023 reporting date, specific action plans had been developed for all roadmap products (2021–2023). Based on the reference year 2021, we will stop marketing for 21% of sales generated with roadmap products by 2026 and offer non-critical alternatives for a further 69% by 2030. In the case of the remaining 10% of sales generated by roadmap products that we cannot currently replace, our analysis has shown

that they are used exclusively by professionals under controlled, safe conditions.

Based on a detailed analysis of our entire product portfolio, we prepared a new roadmap process in 2023. We will develop additional action plans in the next three years for all products previously categorized as transitioners that already have confirmed or expected critical properties. These products will be added to the 2024/2026 roadmap in the future.

LANXESS Product Portfolio 2023



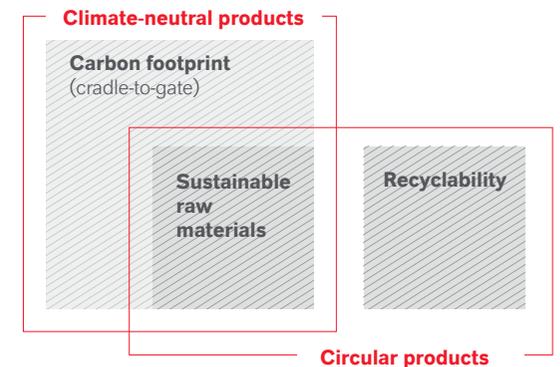
Criteria of the LANXESS Product Sustainability Monitor

	Environmental	Social	Economical
Climate change	🚫	🚫	
Water use and water risk	🚫	🚫	
Waste efficiency	🚫		
Environmental risk	🚫		
Human health risk		🚫	
Support of the 2030 Agenda (product benefit)	🚫	🚫	
Demand trend			📈
Profitability			📈
Legislative and reputational risk			📈

Climate-neutral and circular products

We want to help transform the entire value creation system into a resource-efficient and climate-neutral society. On the road to climate-neutral and circular products, we are focusing on three partially overlapping action areas.

Three Elements for Climate-Neutral and Circular Products





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

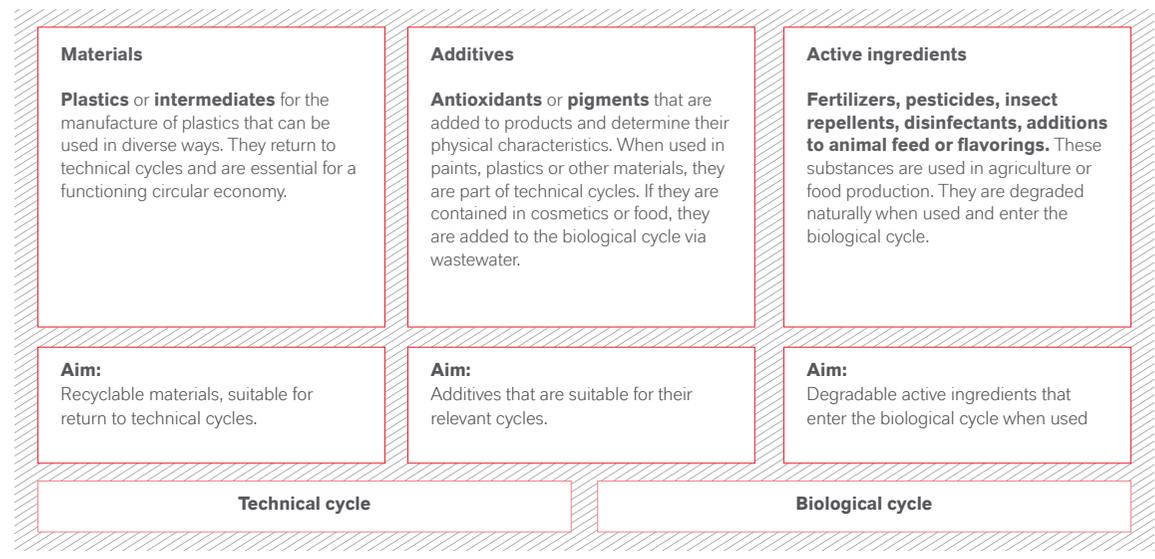
- › Emissions from our own processes (Scope 1)
- › Emissions from purchased energy (Scope 2)
- › Emissions from purchased goods, upstream transport and waste generation (Scope 3)

As a company, we can directly influence our Scope 1 and Scope 2 emissions in particular. With our strategy for climate neutrality in 2040, we have set ourselves ambitious targets in this area (see “Climate Action and Energy Efficiency”). More important for the PCF than the Scope 1 and Scope 2 emissions are often the Scope 3 emissions arising in connection with purchased goods, i.e. our raw materials. In chemical production, they often account for more than 50% of the PCF. We are therefore placing a strategic focus on the purchase of sustainable raw materials with a reduced carbon footprint. The transformation away from conventional, often fossil-based raw materials toward renewable resources not only leads to a reduction in greenhouse gas emissions but also makes our value chains less dependent on certain limited resources (see “Circular and Sustainable Sourcing”).

While LANXESS has achieved closer proximity to end customers following its acquisitions of Theseo, the Microbial Control business from the corporation International Flavors & Fragrances, and Emerald Kalama Chemical, most of our products are still sold to industrial customers. Only they or customers even further downstream use them to produce end products for a wide range of markets. Our chemical end products, which remain unchanged in the further value chain, are only processed into end products by our customers. With regard to completing

cycles, this means that there are sometimes very long periods between production and the end of our products’ lifecycles. As the first step, we are therefore focusing on what we as a company can control: We are working to ensure the “recyclability” of all our products so that they are suitable for environmentally friendly recycling. In order to understand which “recyclability” requirements to impose on our products, it is important to analyze the function of our molecules in their final use and in which cycles (biological or technical) they circulate.

Allocation of LANXESS Products to Cycles According to Their Use (Examples)





Products for climate protection and the circular economy

A full picture of the importance of our product portfolio to climate protection and the circular economy is obtained only when assessing the benefit and the positive environmental impact that our products have when used. Here, we prioritize solutions that contribute to climate protection or enable a circular economy.

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

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

path to a sustainable future in road transport. Industry and the building sector are in third place when it comes to the emission of greenhouse gases. Electrification and insulation play a key role here. We address all these topics with our product portfolio.

The effects of climate change are already plain to see in many regions of the world. Changing water cycles and thus new patterns of precipitation and evaporation are one consequence of climate change. In this respect, the circulation of process water and the purification of drinking water are becoming important elements of local water strategies. Our Liquid Purification Technologies business unit provides support here with decades of experience, a broad product range and innovative solutions. Another consequence of climate change is the increasing threat of infectious diseases. Global warming is enabling certain pathogens to advance and survive in not only tropical but also temperate zones. Other factors such as globalized passenger, livestock and goods transport help these diseases to spread faster and farther. For years, we have therefore continuously enhanced our range of disinfectants.

For a functioning circular economy, it is not only the use of alternative raw materials and environmentally friendly recycling at the end of the lifecycle that are important. Products are also required that help materials to be used for longer or enable materials to be reused at all. In

particular, appropriate additives significantly extend the product lifecycle of plastics. When renewable materials such as wood are used, material protection solutions also extend their useful life many times over. If it is no longer possible to continue using products and they reach the end of their lifecycle, it is important that they can be recycled in an environmentally friendly manner. Here, too, the right additives help to complete the cycle. Both the correct use of additives and material protection are among LANXESS's core areas of expertise.

Product innovation

In 2023, our portfolio strategy was again shaped primarily by specific product and application development. We put the needs and expectations of our customers at the center here and frequently pursue projects together with the customers concerned or other high-powered partners.

In the reporting year, we expanded our Scopeblue® series with innovative products. [Details can be found under "Product Portfolio."](#)

"Scopeblue®" products contain more than 50% sustainable raw materials and so they provide green solutions and help promote the circular economy. Another product has now been awarded the sustainability label – Neolone BioG Preservative. It has been approved for use in cosmetic and personal care products in accordance with the COSMOS standard and fulfills the ISO 16128 definition of a naturally derived ingredient.



We also further developed our electric mobility and battery work in 2023. In El Dorado, Arkansas, U.S., a project for the commercial and sustainable extraction of lithium for batteries is on track. LANXESS is working together with the Canadian company Standard Lithium Ltd. on this project. If the company produces lithium for batteries on an industrial scale, LANXESS will supply the necessary brine for the extraction of the lithium.

We have found another application for LANXESS Lewatit® ion exchange resins in lithium-ion battery recycling. We are currently working on Lewatit resins to extract lithium, nickel, cobalt, and manganese from the black mass that arises during recycling so that they can be reused for cathode materials.

Good industrial plant hygiene is essential to sustainable production. For this reason, we – one of the world’s largest suppliers of antimicrobial protection products – and Tennants GmbH have agreed on a strategic cooperation for integrated solutions in the field of industrial plant hygiene. The aim of this is to combine our biocide portfolio and the Bielefeld company’s adenosine triphosphate (ATP) technology. ATP technology can be used to quickly and reliably monitor hygiene levels at plants, ensuring the efficient use of biocides.

LANXESS has developed UltraPure 1296 MD PLUS for semiconductor production, a new mixed-bed resin for ultra-pure water with a far lower content of metals such as iron, zinc and sodium compared to standard products. In addition, the special production process for UltraPure 1296 MD PLUS ensures only very little total organic carbon (TOC) and particles are released.

After being launched on the U.S. market and then approved in Australia, the EU and Canada in 2023, our innovative, natural preservative Nagardo® has now also been approved in Ecuador, Colombia and Peru. LANXESS wants to sell its preservative to beverage producers around the world in the future. Nagardo not only efficiently safeguards product quality, it also allows European beverage producers to transform their product ranges and to meet consumers’ growing demand for natural ingredients. The use of Nagardo can also help beverage producers to achieve their sustainability targets, since they can lower energy usage by switching from hot filling or tunnel pasteurization to cold filling and reduce the amount of plastic needed for packaging. Nagardo is currently the most effective natural preservative for non-alcoholic beverages on the market. It won in the “Innovation” and “Product Launches” categories at the prestigious 2023 Just Drinks Excellence Awards organized by the online magazine “Just Drinks.”

By acquiring the Microbial Control business from U.S. corporation International Flavors & Fragrances Inc. (IFF) in 2022 and through the acquisition of specialty chemicals manufacturer Emerald Kalama Chemical, U.S., in 2021, we continued to grow our innovation portfolio and supplemented it with important areas. The Flavors & Fragrances business unit is now working on making the Group’s value chain climate neutral by 2050. By the end of 2023, it will offer sustainable product variants for its entire portfolio of flavors and fragrances, preservatives and animal nutrition products. To provide this sustainable range, ISCC Plus certification must be granted for all five of the business unit’s production sites. This was achieved by mid-2023.

Valuing customer relationships

Our customers’ satisfaction is not only an indicator of our success, but above all also a requirement for it. We therefore work continuously on the meaningful and best possible consideration of customers’ constantly changing needs in our product and process innovations. In addition, we aim to build on and consolidate our relationships with our customers.



Especially in challenging times like these, proximity to the market and direct contact with our customers are of the utmost importance to us. In-person conversations, customer visits, on-site support and our own events are particularly important to this and so we further expanded these activities in 2023 after the pandemic years. The same is true of attending trade fairs and exhibitions. To reduce travel expenses, we have focused on strategically relevant events such as the European Coating Show for the Inorganic Pigments business unit and AQUATECH for the Liquid Purification Technologies business unit. These events allow us to meet many of our key customers and partners in one place. Nevertheless, virtual collaboration still plays an important role in our interactions with customers. Remote meetings are now standard and help us save travel costs and time while at the same time increasing the amount of contact. Through webinars and technical workshops, we reach a broad target group.

When forming our customer relationships, the top priorities are customer satisfaction and avoiding customer complaints. Based on a central customer relationship management (CRM) system and a uniform complaint management platform, each of our business units has its own market- and customer-oriented complaint management and optimization processes. Shared elements

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

Our business units regularly review their complaint management process to identify potential for improvement. In 2023, we launched a project to improve the complaints process in the Lubricant Additives, Polymer Additives and Urethane Systems business units. This involved detailed analyses of the differences and priorities in the various business units and regions. In the Liquid Purification Technologies business unit, multiple departments assess and discuss complaints each month. A new role of “Complaint & Data Manager” was also created here in 2023.

In our digitalization offensive, we use software to improve the speed and efficiency of the communication between our customer service teams and their respective customers. In light of the large number of simultaneous

orders, it is a major challenge for our customer service employees to keep track of changes across the entire order acceptance, production and delivery process. Here, we are assisted by software solutions that continuously search our ERP systems for changes in order data records, factor in external information and compare it with dynamic specifications. Our customer advice experts obtain constantly updated information about the key influencing factors and changes that Order Management, for example, has made to the orders – such as postponements of delivery dates or quantity changes. Our customer service is therefore able to inform customers immediately and promptly tackle any problems arising from the changes.

To position the business units in an increasingly competitive market and further boost their online presence, Saltigo, Flavors & Fragrances and Material Protection Products launched a joint LinkedIn Showcase Page called “LANXESS Personal Care & Cosmetics.” The aim of this is to facilitate discussion about highly effective and sustainable ingredients in cosmetic and personal care products such as Saltidin®, Purox®B and Purox®S, KATHON™ and NEOLONE™. Inorganic Pigments regularly sends its sales partners newsletters discussing topics relevant to its own product marketing.



The rollout of the sales software successfully introduced in 2020 is almost complete. It enables flexible access to customer information regardless of internet connection or technical equipment. This means that our sales employees are always up to date, no matter where they are, and can respond to the specific needs of our customers. The software has proved a valuable tool for the sales teams and offers new features and content, such as an area specifically dedicated to sustainability. It has already been presented at trade fairs, where it proved very successful. It was also well received by customers.

Customer satisfaction surveys are essential for LANXESS in order to determine potential for improvement in customer relationships and to check whether customer requirements have changed. LANXESS conducts an anonymous online survey of all relevant customers in all business units once every two years.

In terms of content, the survey aims to evaluate LANXESS's performance in comparison to the competition and to indicate whether customers would recommend LANXESS. Customers were also asked if they intended to continue the business relationship in the future and to assess the advantages resulting from this relationship.

In the current 2023/24 survey, the customer retention index (CRI) score was 74. We therefore gained three points versus the 2021/22 survey and were likewise three points ahead of our competitors again. This positive development, driven in particular by our customers' increased desire for long-term business relationships with us and their greater willingness to recommend us, shows that our customers appreciate our efforts to be a reliable partner, especially in difficult times.

As sustainability was already a focus area in the 2022 survey, Saltigo contacted numerous customers, explained the various measures (green chlorine, green sodium hydroxide, green hydrogen etc.) and, where data was available, presented the carbon footprint of customer-specific projects. Saltigo customers were positive about the progress and rated the business unit the best-in-class supplier in Europe.

Based on the results of the latest customer satisfaction analysis, we have implemented targeted measures at LANXESS and in the business units in order to remain a reliable and value-enhancing partner for our customers and thus to retain them in the long term. For example, the Polymer Additives business unit increased its training on new software systems, improving its on-time, in-full figures. The Inorganic Pigments business unit significantly reduced lead and shipping times.



Reporting on the EU taxonomy

Introduction

A central element in the European Union's Green Deal is the strategy for sustainable financing. It aims to channel financing flows into investments that support sustainable development in the future. In this context, a classification system for economic activities – the EU taxonomy (Regulation (EU) 2020/852) – is to help investors assess whether investments contribute to political targets and obligations such as the Paris Agreement on climate change at the same time as meeting specified environmental and social standards. To this end, the EU has defined six categories, or objectives:

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



The relevance of an economic activity for one of these environmental objectives depends on how the activity influences the respective environmental objective.

In order to assess an economic activity, a two-step analysis must be performed with regard to eligibility and alignment. According to the EU Taxonomy Regulation, economic activities are taxonomy-eligible if they match the activity descriptions in the delegated acts of the Taxonomy Regulation and potentially contribute to the achievement of one of the six environmental objectives. To determine alignment, an EU taxonomy objective is to be used to assess whether all of the technical screening criteria are met for each activity. It must make a substantial contribution to an environmental objective while doing no significant harm (DNSH) to any of the other objectives. Moreover, minimum safeguards for compliance with human rights including labor and consumer rights and in the fields of bribery and corruption prevention, taxation and fair competition must be guaranteed for each activity. For each of the six environmental objectives, the European Commission issued delegated acts with technical screening criteria for relevant economic activities. The initial focus was on the climate objectives. In 2023, criteria were established for the other four environmental objectives. The Climate Delegated Act was also amended in 2023. As part of this amendment, new economic activities were included and selective changes made to technical screening criteria for existing economic activities.



Reportable ratios

Companies that fall within the scope of the EU taxonomy must disclose the defined sales, capital expenditure (CapEx) and operating expenditure (OpEx) ratios for their share of taxonomy-eligible or taxonomy-aligned economic activities. These ratios must be itemized according to the respective taxonomy-eligible or taxonomy-aligned economic activity. The disclosures must specify the environmental objective to which this activity contributes and whether it is a transitional or enabling economic activity. Climate-related environmental objectives have been subject to taxonomy eligibility and alignment reporting requirements since 2022. For the other four environmental objectives and the newly included activities in the Climate Delegated Act, only taxonomy eligibility reporting is required for fiscal year 2023.

Sales

The ratio relating to the relative share of sales with taxonomy-eligible or taxonomy-aligned products is the ratio of two sales figures: The numerator is the sum of all sales that we have generated in the reporting year with taxonomy-eligible or taxonomy-aligned activities. The denominator is the value of the external sales as reported under "Sales" in the income statement of our [consolidated financial statements in the Annual Report on page 155](#) pursuant to the relevant IFRS requirements as presented in the notes to the consolidated financial statements.



Capital expenditures and operational expenditures

We report the proportion of expenditures and expenses incurred in connection with the operation of our plants in order to manufacture taxonomy-eligible or taxonomy-aligned products as taxonomy-eligible or taxonomy-aligned capital expenditures and operational expenditures. The relevant value chain begins with the manufacture of products that are taxonomy-eligible according to the Taxonomy Regulation.

Relevant capital expenditures comprise firstly our capital expenditures to maintain our production plants for taxonomy-eligible or taxonomy-aligned products, including production plants added via business acquisitions. Relevant spending/expenses for non-sales-generating activities are also to be taken into account and are described in the delegated acts.

The numerator is the share of additions from investments and business acquisitions that relate to taxonomy-eligible or taxonomy-aligned activities. The denominator of the ratio is the sum of additions to property, plant and equipment and intangible assets from investments and acquisitions, adjusted for acquired goodwill, which can be found in the [notes to the consolidated financial statements on pages 185 and 187](#). The recognition and measurement rules as presented in the notes to the consolidated financial statements apply accordingly.



NFR

Relevant operating expenditures are direct non-capitalized costs relating to research and development, building renovation measures, short-term leases, maintenance and repair. These must be covered by the ratio's denominator. Any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the company itself or by third parties must also be included.

At LANXESS, operational expenditures comprise all non-capitalized costs incurred in the reporting period in connection with research and development and the maintenance of our plants and buildings. According to a Group directive, these also include direct expenditures relating to day-to-day servicing, through which we ensure the continued and effective functioning of such assets. Short-term leases or leases of low-value assets are not of material importance for LANXESS and therefore not included in the denominator ([see consolidated financial statements](#)).

The operational expenditures in connection with research, development and patents include for example costs for our scientific departments and laboratories. These expenditures are reported in the [Notes on page 213](#) in accordance with IAS 38.126 et seq. Maintenance includes all operating expenses for maintenance measures, overhauls of production plants, the implementation of legal requirements and plant downtimes in the relevant reporting period, which according to our accounting guidelines

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cannot be capitalized and are therefore not a component of capital expenditures. This also includes direct expenses for maintenance materials as well as external and internal maintenance services. Costs for building modernization that cannot be capitalized are immaterial and are not reported separately.

The ratio's numerator covers those expenses for fiscal year 2023 that relate to taxonomy-eligible or taxonomy-aligned activities. The denominator covers all non-capitalizable expenses for research, development and maintenance.

Taxonomy-eligible activities

With regard to the environmental objectives "climate change mitigation" and "climate change adaptation," the Taxonomy Regulation covers activities of selected economic sectors that have the greatest potential for helping significantly reduce greenhouse gas emissions. These activities are described as "taxonomy-eligible." With regard to the "climate change mitigation" objective, the chemical industry is a "transformative industry" because, among other things, basic chemicals and plastics that are produced in very large quantities are labeled as transitional activities. This means that the activities make a relevant contribution to the EU's GHG emissions and thus have significant reduction potential. LANXESS – as a specialty chemicals company – is not focused on such products.

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In terms of the other four environmental objectives, the activities covered by the Taxonomy Regulation relate to the chemical industry only to a very limited extent. These are essentially activities that do not generate sales, such as remediation measures. In order to identify the taxonomy-eligible economic activities at LANXESS, we analyzed all economic activities at central level. The respective products and activities were assigned to the activity descriptions in the delegated acts on the climate goals and the other four environmental goals. The data-gathering process likewise took place centrally on the basis of consolidated data. In this way, we ruled out the double counting of sales, capital expenditures and operational expenditures.

Economic activities that LANXESS classifies as taxonomy-eligible:

- › CCM¹⁾ 3.17. "Manufacture of plastics in primary form": LANXESS produces high-quality **plastics** for a broad range of applications – from the automotive and electrical/electronics industries to water treatment.
- › CCM¹⁾ 3.14. "Manufacture of other organic basic chemicals": This activity covers our **adipic acid**. It is a precursor that is in high demand in the plastics industry, e.g. to make polyamides or polyurethanes.
- › CCM¹⁾ 3.4. "Manufacture of batteries": LANXESS produces **components for battery manufacturing that** are used in electric vehicles.

1) Climate Change Mitigation



As well as the sales-generating activities, the following economic activities are also taxonomy-eligible:

- › CCM¹⁾ 5.4. “Renewal of water collection, treatment and supply systems” at the site in Leverkusen
- › CCM¹⁾ 6.5. “Transport by motorbikes, passenger cars and light commercial vehicles”
- › CCM¹⁾ 7.7. “Acquisition and ownership of buildings”
- › PPC²⁾ 2.4. “Remediation of contaminated sites and areas.” LANXESS is building a groundwater treatment plant in South Africa.

Taxonomy-aligned activities

Since fiscal year 2022, LANXESS has also been required to report on the taxonomy alignment of its economic activities. We analyze whether they make a substantial contribution to the achievement of one or more environmental objectives while doing no significant harm (DNSH) to other environmental objectives and also whether they provide the minimum social safeguards. The 2023 review related to the activities defined as part of the climate objectives. No compliance review is required until fiscal year 2024 for activities covered by environmental objectives three to six.

Substantial contribution

Our business activities contribute to climate change mitigation. We do not disclose taxonomy-eligible activities in connection with the second environmental objective,

1) Climate Change Mitigation
2) Pollution, Prevention & Control



climate change adaptation, because we generate no sales from enabling activities in relation to this environmental objective and identified no separate CapEx (or OpEx) in the reporting year that contributes specifically to climate change adaptation.

- › CCM¹⁾ 3.4.: LANXESS manufactures components for batteries at the Leverkusen site that are mainly used for electric cars.
- › CCM¹⁾ 3.17.: As part of this, LANXESS produces plastics used for renewable raw materials at the Leverkusen site. In addition to plant-based raw materials, LANXESS also views green caustic soda in the context of renewable raw materials.
- › CCM¹⁾ 5.4.: Investing in a wastewater treatment plant in Leverkusen resulted in significantly more efficient pretreatment of a wastewater flow, achieving considerable energy savings.

Do no significant harm (“DNSH”)

LANXESS’s economic activities that make a substantial contribution to climate change mitigation were analyzed according to the DNSH criteria. To assess the “climate change adaptation” criterion, physical climate risks and climate trends were identified for the corresponding site and their relevance for the economic activity assessed. With regard to the supply chain, we also included the risks from goods flow and logistics for the activity. In addition, qualitative scenario analyses for 2020, 2030 and 2040



were carried out with several suitable climate projections such as Representative Concentration Pathway (RCP) 4.5 and 8.5. In order to counter the identified climate risks, measures for the relevant site were devised in line with the company’s overall climate strategy (see “Climate Action and Energy Efficiency,” page 32).

The economic activities were also evaluated with regard to harm to “sustainable use and protection of water and marine resources.” The focus was on preserving water quality, avoiding water stress and assessing the impact on water, as addressed in the LANXESS Water Program (see “Safe and Sustainable Sites,” page 25).

No criteria that negatively impact the “transition to a circular economy” environmental objective have been defined for the activities 3.17 and 5.4. For activity 3.4, we regularly review whether it is possible to reuse battery materials and to use secondary raw materials for the manufacture of battery components. The criteria relating to recycling processes are not applicable because LANXESS does not perform this activity.

In our roadmap process, we manage products and production processes involving SVHC with the aim of developing safe and sustainable alternatives. Our products contain no SVHC in a concentration of more than 0.1% by mass. All raw materials used are handled following the necessary safety precautions. Our taxonomy-aligned products therefore meet the “pollution prevention and control” criteria.



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At LANXESS, we meet the requirement of the criterion for DNSH to “protection and restoration of biodiversity and ecosystems” by way of HSE compliance checks (health, safety and environment), [see “Safe and Sustainable Sites,” page 22](#)). For the single relevant site, evidence was provided that it is not located in a biodiversity sensitive area.

Minimum safeguards

Requirements of minimum social safeguards generally apply Group-wide at LANXESS and are not limited to individual economic activities.

In the reporting year, we continued our work in the project group for the German Act on Corporate Due Diligence in Supply Chains, which reports to the Social & Governance sub-committee, and further formalized the processes that guarantee the requirements for minimum safeguards. In the field of corporate governance, we have long-standing management systems for compliance with human rights ([see “Human rights” under “Good corporate governance,” page 38](#)), for monitoring our supply chain ([see “Procurement,” page 19](#)), for anti-corruption ([see “Anti-corruption” under “Good Corporate Governance,” page 39](#)), for taxes ([see Tax Guideline](#)) and for fair competition.

[Further information on corporate governance at LANXESS](#)

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Results Sales

In fiscal year 2023, LANXESS generated 8.2% of its external sales with products allocable to taxonomy-eligible activities. The remaining 91.8% of sales relate to products that are not included in the taxonomy’s activity categories.

As LANXESS’s taxonomy-eligible sales result exclusively from production, the company’s main business activity, we disclose the figures at Group level and do not otherwise present them in clusters. In the reporting year, LANXESS generated total sales of €548 million classified as taxonomy-eligible. The taxonomy-aligned sales in the reporting year were 2.3%.

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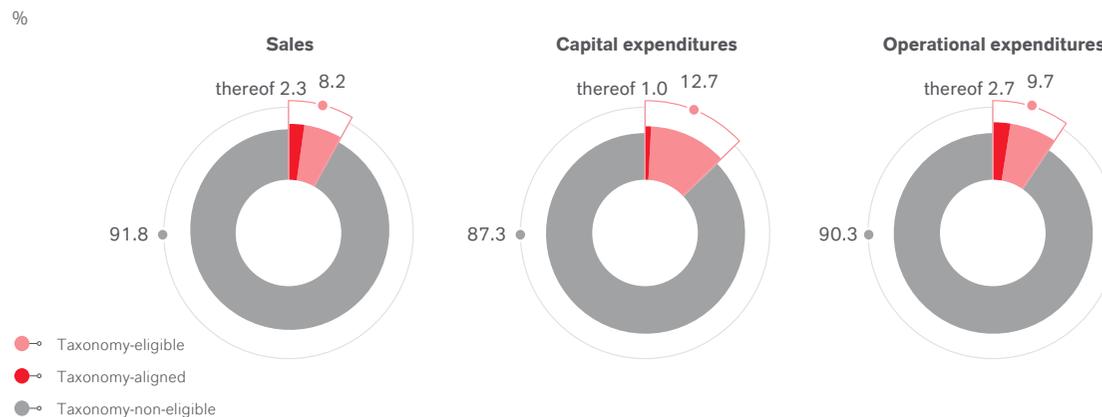
Capital expenditures

In the reporting year, the share of taxonomy-eligible capital expenditures was 12.7%, with investments in buildings accounting for the majority. Therefore, the share of taxonomy-non-eligible activities in our capital expenditures is 87.3%. The share of taxonomy-eligible capital expenditures amounts to 1.0% of our capital expenditures. All taxonomy-aligned capital expenditures comprise additions to property, plant and equipment.

Operational expenditures

In the reporting year, the share of operational expenditures for taxonomy-eligible products amounted to 9.7% of the total operating expenditures. Therefore, the share of taxonomy-non-eligible operating expenditures is 90.3%. The share of taxonomy-eligible operational expenditures amounts to 2.7% of our operating expenditures.

Key Data Pursuant to EU Taxonomy Regulation





Proportion of Sales from Products and Services Associated with Taxonomy-Aligned Economic Activities

Economic activities (1)	Fiscal year 2023	2023	Substantial contribution criteria								DNSH criteria ("do no significant harm")				Minimum safeguards (17)	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
			Code (2)	Net sales (3)	Proportion of net sales, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)					Pollution (14)
		Currency	%	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
3.4. Manufacture of batteries	CCM 3.4.	€14,956,873	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
3.17. Manufacture of plastics in primary form	CCM 3.17.	€137,574,579	2.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		T
Net sales of environmentally sustainable activities (taxonomy-aligned) (A.1)		€152,531,452	2.3%	2.3%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%		
of which enabling activity		€14,956,873	0.2%	0.2%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
of which transitional activity		€137,574,579	2.0%	2.0%													0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
3.14. Manufacture of other organic basic chemicals	CCM 3.14.	€55,190,090	0.8%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								1.0%		
3.17. Manufacture of plastics in primary form	CCM 3.17.	€340,122,770	5.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.0%		
Net sales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		€395,312,860	5.9%	5.9%													8.0%		
A. Sales of taxonomy-eligible activities (A.1 + A.2)		€547,844,312	8.2%	8.2%													8.2%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Net sales of taxonomy-non-eligible activities		€6,166,439,162	91.8%																
Total		€6,714,283,474	100%																

Gas and nuclear activities are not relevant for LANXESS, so we do not present the special templates.

The taxonomy-aligned sales result from production, the company's main business activity. These are external sales.

Significant changes compared with the previous year arise from the recognition of taxonomy-aligned products under CCM 3.17.

- Y Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
- N No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective
- EL Activity is eligible for the relevant environmental objective
- N/EL Activity is not eligible for the relevant environmental objective



Proportion of CapEx from Products and Services Associated with Taxonomy-Aligned Economic Activities

Economic activities (1)	Code (2)	2023		Substantial contribution criteria						DNSH criteria ("do no significant harm")						Proportion of taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
		CapEx (3)	Proportion of CapEx 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				Minimum safeguards (17)
		Currency	%	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
3.4. Manufacture of batteries	CCM 3.4.	€210,000	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
3.17. Manufacture of plastics in primary form	CCM 3.17.	€3,709,935	0.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		T
5.4. Renewal of water collection, treatment and supply systems	CCM 5.4.	€258,000	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		€4,177,935	1.0%	1.0%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.5%		
of which enabling activity		€210,000	0.1%	0.1%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
of which transitional activity		€3,709,935	0.9%	0.9%															T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
3.14. Manufacture of other organic basic chemicals	CCM 3.14.	€2,431,064	0.6%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								0.2%		
3.17. Manufacture of plastics in primary form	CCM 3.17.	€14,679,748	3.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.0%		
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	€5,421,732	1.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
7.7. Acquisition and ownership of buildings	CCM 7.7.	€21,611,343	5.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
2.4. Remediation of contaminated sites and areas	PPC 2.4.	€2,392,000	0.6%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		€46,535,888	11.6%	11.0%			0.6%										2.2%		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		€50,713,823	12.7%	12.1%			0.6%										2.7%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		€349,675,687	87.3%																
Total		€400,389,509	100%																

Gas and nuclear activities are not relevant for LANXESS, so we do not present the special templates.
 Significant changes compared with the previous year arise from the recognition of taxonomy-aligned products under CCM 3.17.

Y Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
 N No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective
 EL Activity is eligible for the relevant environmental objective
 N/EL Activity is not eligible for the relevant environmental objective



Proportion of OpEx from Products and Services Associated with Taxonomy-Aligned Economic Activities

Economic activities (1)	Fiscal year 2023	2023	Substantial contribution criteria								DNSH criteria ("do no significant harm")				Proportion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Minimum safeguards (17)	Category enabling activity (19)	Category transitional activity (20)	
			Code (2)	OpEx (3)	Proportion of OpEx 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)					Pollution (14)
		Currency	%	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
3.17. Manufacture of plastics in primary form	CCM 3.17.	€10,868,734	2.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		T
OpEx of environmentally sustainable activities (taxonomy-aligned)¹⁾ (A.1)		€10,868,734²⁾	2.7%	2.7%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%		
of which enabling activity		€0	0.0%	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
of which transitional activity		€10,868,734	2.7%	2.7%															T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
3.14. Manufacture of other organic basic chemicals	CCM 3.14.	€3,204,844	0.8%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								0.8%		
3.17. Manufacture of plastics in primary form	CCM 3.17.	€20,458,750	5.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.2%		
7.7. Acquisition and ownership of buildings	CCM 7.7.	€4,488,098	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		€28,151,692	7.0%	7.0%													8.0%		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		€39,020,427	9.7%	9.7%													8.1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		€362,489,714	90.3%																
Total		€401,510,140	100%																

Gas and nuclear activities are not relevant for LANXESS, so we do not present the special templates.

Significant changes compared with the previous year arise from the recognition of taxonomy-aligned products under CCM 3.17.

- Y Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
- N No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective
- EL Activity is eligible for the relevant environmental objective
- N/EL Activity is not eligible for the relevant environmental objective

1) The taxonomy-aligned operational expenditures result from the production of plastics at the Leverkusen site, for which renewable raw materials are used.
 2) Of the taxonomy-aligned operational expenditures, around 40% are attributable to research and development and around 60% to maintenance.