



Slavery and human trafficking statement

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Section 54 of the UK Modern Slavery Act 2015 legally requires commercial organisations matching a turnover of more than 36 Million £ per year in the UK to prepare a publically available slavery and human trafficking statement for each financial year. The statement must set out the steps that the company has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains, and in any part of its own business.

INTRODUCTION

This statement sets out the actions of the LANXESS group to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. This statement relates to actions and activities during the financial year 2017.

As part of the chemical industry, the organisation recognises that it has a responsibility to take a robust approach to slavery and human trafficking. The organisation is committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking.

LANXESS's identity 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 do not contradict but complement each other.

COMPANY GUIDELINES

The principles of responsible business operations and sustainable development are expressed in our Corporate Policy, which defines our general corporate philosophy and the conduct expected of every single employee in relation to our stakeholders in a total of eleven guidelines. The "Code of conduct – Code for integrity

and compliance at LANXESS," 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 required to contribute to preventing harm to LANXESS and increasing the company's value over the long term. The code covers issues such as human rights, anticompetitive behavior, anti-corruption, data protection, occupational, product and plant safety, and environmental protection.

ALIGNMENT TO INTERNATIONAL STANDARDS AND FRAMEWORKS

The U.N. Global Compact is the world's biggest and most important initiative for responsible corporate governance. On the basis of ten universal principles, it pursues the vision of an inclusive and sustainable global economy that benefits all people, communities and markets. As a signatory, we acknowledge these principles to be an inalienable right. We again renewed our commitment to the U.N. Global Compact for the 2017 reporting year.

Responsible Care® is the name of the chemical industry's initiative to achieve progress in safety and environmental protection independently of legal requirements. By signing the Responsible Care® Global Charter, we have documented our commitment to the visions and ethical principles of this initiative launched by the International Council of Chemical Associations (ICCA). Our corporate directives ensure that the principles of the charter are integrated into our management principles and corporate strategy.

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 ensuring compliance with globally recognized social standards and thereby improving the employment and living conditions of all people.

HUMAN RIGHTS

In line with our values and operational guidelines, we are committed in all 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. The respective site management, supported by our global compliance organization and local compliance officers, is directly responsible for ensuring the observance of human rights at all times. At Group level, human rights are subject to regular evaluation as part of our risk management system. In 2016 and 2017, we performed a risk assessment that specifically addressed human rights in a total of six national companies (Brazil, China, Germany, India, South Africa and the U.S.). This confirmed that there is a high level of awareness for the subject and that functioning mechanisms are in place to prevent human rights violations. 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. In fiscal year 2017, internal audits were performed in 50% of our country organizations worldwide.

Our Code of Conduct includes unambiguous instructions regarding the respect of human rights. The code, which every new employee receives with their employment contract, is also an aspect of general training measures. In addition, we hold training sessions geared towards specific selected human rights issues such as occupational safety. If there are suspected human rights violations, the Integrity Line and Compliance Helpdesk offer our employees and external third parties various ways to notify the compliance organization – also anonymously if they wish. For the time being, the Resource Line is also still available to the former Chemtura companies.

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

All acquisitions of companies or interests in companies are subject to a careful due diligence process to ensure that human rights are also respected by the target company. Significant suppliers of goods and services are regularly the subject of supplier assessments in the context of TFS audits that include aspects such as compliance with our Supplier Code of Conduct. The audits also cover compliance with human rights, including with regard to child labor and forced labor. In fiscal 2017, we received no reports or other indications of human rights violations by our suppliers. The same applies to child labor and forced labor.

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