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» **Corporate Responsibility**

Excerpt from the Annual Report 2015

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Corporate Responsibility

As an international specialty chemicals group, we bear a major responsibility toward people and the environment. Our entrepreneurial activities reflect this sense of responsibility, which is also a key component of our strategy. Safety, environmental protection, social responsibility, quality and commercial efficiency are all key corporate goals at LANXESS.

CR management

We regard acting and thinking sustainably as the responsibility of each and every employee at LANXESS. However, sustainability in itself is no more than an abstract concept. Appropriate organizational structures, strategies, operational guidelines and goals are needed to enable our employees to act sustainably in their day-to-day work and to translate the abstract concept into a specific factor of entrepreneurial success.



We have established various committees and functions to ensure compliance with and the ongoing optimization of our CR strategy and our rules and standards.

- **CR Committee**

Representatives from selected group functions develop our CR strategy and ensure that all LANXESS's CR activities are in line with this strategy. As an interdisciplinary competence center, the committee advises both the Board of Management and the business units on all matters relating to sustainability. It is also responsible for collecting and maintaining reliable data that comply with current market standards for use in our external CR communications. The Board of Management is regularly represented on the CR Committee by Dr. van Roessel.

- **HSEQ Committee**

LANXESS's senior executives, under the direction of Board of Management member Dr. Hubert Fink, ensure worldwide compliance with uniformly high quality management, safety, environmental, energy and climate protection standards. The committee has responsibility for initiating and monitoring the global implementation of all necessary HSEQ guidelines, strategies and programs, as well as for defining our HSEQ objectives and monitoring their achievement. It also defines the global strategy for our integrated quality and environmental management system and our energy management system.

■ **Compliance organization**

The compliance organization, which is made up of the Group Compliance Officer and a network of local compliance officers, handles all referrals concerning compliance violations, with the goal of countering illegal or unethical conduct by LANXESS employees at an early stage and introducing suitable measures to prevent improprieties.

At the end of 2015, we additionally established an interdisciplinary project team headed by Dr. Fink, which has the task of aligning our strategic corporate objectives more closely with the requirements of sustainability management and corporate responsibility at LANXESS. The interactions between political, social and corporate strategy developments are of central importance here. Ultimately, a committee comprising top management representatives (Board of Management, business units and group functions) will take the decisions concerning our future course in respect of significant sustainability issues such as climate strategy, ecological efficiency in our operations, product stewardship, and human resources and supply chain management.

Integrated management system creates transparency

At LANXESS, a central management system provides the necessary global structures to ensure responsible commercial practices. Through this tool, we have created a transparent system and set of rules that unite management and employees across national borders. Worldwide, we are guided by internal directives and operating procedures, as well as by the ISO 9001 and ISO 14001 international standards for quality and environmental management and ISO 50001 for energy management.

External, independent experts regularly audit the progress in integrating new sites into our management system and the system’s performance worldwide. Confirmation of our compliance with ISO 9001 and ISO 14001 takes the form of a global matrix certificate. We successfully completed the recertification audit in 2015. Our energy management system was certified separately in Germany.

As of December 31, 2015, our matrix certificate covered 48 companies with 80 sites in 23 countries. The sites in Epierre, France; Lipetsk, Russia; and Little Rock, United States, were included for the first time, as planned. Our sites in the United States have also received confirmation of certification to RC 14001 (RC = Responsible Care®). In 2016, we intend to integrate the production sites in Neville Island, United States; Rustenburg, South Africa; and Joo Koon, Singapore, into the matrix certificate.

HSEQ (health, safety, environmental protection and quality) management is an important part of our integrated management system. We have aligned our HSEQ management system toward ensuring uniform standards and reference bases for all our sites. The key performance indicators (KPIs) required for this purpose are recorded, thus enabling us to systematically determine and analyze performance in each business unit and at each site and to develop this sustainably in the future.

→ Our global matrix certificate now covers 48 companies with 80 sites in 23 countries.

Guidelines for business conduct

All management systems are based on guidelines that provide a clear framework for a company's management and employees. Our system is based on established global standards and on our company's own basic rules, which are subject to ongoing amendment.

LANXESS respects applicable law and requires its employees and business partners to do likewise. All our decisions and activities must meet this requirement of the compliance code, irrespective of the aims we are pursuing or the conditions we face. In the first instance, we define applicable law as any international or national legislation in the jurisdictions in which LANXESS operates. Moreover, human rights and ethical principles apply without restriction, even if they are not stipulated in the applicable law. As a global enterprise, we are committed in all our markets to promoting respect for human rights at all times and to preventing child and forced labor. In this context, we have also signed the U.N. Global Compact and recognize the principles it sets forth as inalienable rights. We renewed our commitment in this regard for the 2015 reporting year.

We understand compliance to be the observance of all legal provisions that are binding on the LANXESS Group and its employees and of internal LANXESS rules. In addition, we are committed to internationally recognized basic principles of business activity. As well as the principles of the Responsible Care® Global Charter, these include ILO labor standards and the basic principles of the Global Compact. Our employees' integrity and awareness of their responsibilities are key factors in the success of our company.



LANXESS is committed to the principles of the **U.N. Global Compact.**

www.unglobalcompact.org

The Ten Principles of the U.N. Global Compact

Area	 Human rights	 Labor
Principle	<ol style="list-style-type: none"> 1 Businesses should support and respect the protection of internationally proclaimed human rights. 2 Businesses should make sure they are not complicit in human rights abuses. 	<ol style="list-style-type: none"> 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 4 Businesses should uphold the elimination of all forms of forced and compulsory labor. 5 Businesses should uphold the effective abolition of child labor. 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.

The “Code of conduct – Code for integrity and compliance at LANXESS,” which is applicable throughout the Group, specifies minimum standards and gives our employees advice and guidance on complying with these standards.

Our code covers issues such as anti-competitive behavior, anti-corruption, data protection, occupational, product and plant safety, and environmental protection. Other directives set forth detailed rules for specific areas covered by the code and concrete requirements for the conduct of LANXESS employees. All globally applicable LANXESS directives and guidelines are contained in a system that is accessible to every employee. Our code of conduct can be found on our website at www.lanxess.com under Corporate Responsibility/Corporate Governance/Compliance at LANXESS.

Compliance management system

We have established a compliance management system (CMS) to implement our clear commitment to compliance in our daily business activities. This system guides our employees and eliminates potential uncertainties relating to our compliance principles. It also encompasses advice and training in compliance-related issues.

Our global compliance management system is defined in our CMS directive and is externally audited at regular intervals in respect of its design, suitability and effectiveness. These audits are not restricted to defined risks but focus on the ten main compliance risks that we have identified. The last audit by Deloitte & Touche GmbH in 2012 was completed without observation and with an unqualified audit opinion.



Environment



Anti-corruption

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

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

The basic elements of our CMS are:

- **Compliance culture**

This is shaped by the commitment of our Board of Management and Supervisory Board. It is essential that all management levels live and communicate our compliance culture so that it permeates the entire company. At LANXESS, responsibility for compliance and business activities goes hand in hand.

- **Compliance objective**

We seek to avoid any compliance violations.

- **Compliance risks**

The risks are regularly analyzed, discussed with the Board of Management and evaluated according to the likelihood of occurrence and damage potential. Risk exposure is analyzed both for business areas and countries, and corresponding countermeasures are defined. The main areas of potential compliance risk are antitrust and competition law, anti-corruption, foreign trade law, environmental and safety regulations, data protection, product liability, insider trading, discrimination, accounting law and fraud against the company.

- **Compliance program**

Our compliance program includes all of the “classic” CMS elements, such as a compliance code, specific guidelines and work instructions, established guidance systems, information and training. We aim to ensure compliance in the broader sense by clearly assigning responsibilities within our structural and process organizations, and by implementing a functioning internal control system and suitable auditing and monitoring activities.

- **Compliance organization**

LANXESS has established a compliance organization, headed by the Group Compliance Officer, to assist its employees in observing the code of conduct and to provide support for the compliance management system. In those countries where LANXESS operates through subsidiaries, the Group Compliance Officer is assisted by local compliance officers. The responsibility for ensuring legally compliant behavior, however, always rests with the respective decision-maker. We therefore view compliance primarily as a key leadership task.

■ **Compliance communication**

Information events and training courses enable our employees to fulfill their tasks correctly and in compliance with the law. The compliance section on the LANXESS intranet also offers e-learning programs. Compliance issues and problems are reported from the bottom up to the local compliance officers and by them on to the Group Compliance Officer. All significant developments, findings and measures are reported to the Board of Management and the Audit Committee of the Supervisory Board on a regular basis. There is an obligation to report ad hoc to the Board of Management and the Supervisory Board in the event of wide-reaching compliance violations. However, there has been no need to do so as yet.

■ **Compliance monitoring**

Compliance monitoring is performed by means of general audits and special audit programs conducted by Internal Auditing and a central HSE department. Since Internal Auditing is itself part of the CMS, we have this organizational unit regularly audited by independent third parties. The status of compliance at LANXESS is also subject to regular review by the auditor of the annual financial statements.

Responsible Care®

Transparency and improved public dialogue are among the stated objectives of the Responsible Care® Global Charter launched by the International Council of Chemical Associations (ICCA). The aim is to build confidence and trust in an industry that has a crucial role in improving people's living standards and quality of life. We became one of the signatories to the ICCA charter in 2006. By signing the revised Responsible Care® Global Charter in 2014, we reaffirmed our commitment to the visions and ethical principles of the initiative. For us, applying the Responsible Care® Global Charter to our business means consistently working to improve our processes and performance in terms of environmental and climate protection, health, safety and quality. Our corporate directives ensure that the principles of the charter are integrated into our management principles and corporate strategy.

We expect our suppliers to commit to our values and rules, especially the Global Compact, to establish adequate systems for ensuring legally compliant behavior and to carry ethical behavior throughout their organizations. The LANXESS Supplier Code of Conduct is part of our communication with suppliers. Reviewing compliance with these requirements is a key aspect of our collaboration in the Together for Sustainability initiative we operate jointly with 17 other international chemical companies (see page 119). Additionally, in the course of acquisitions, we make it a principle of our due diligence processes to ensure that human rights are also respected by the target company.



Responsible Care®

→ We have been supporting the chemical industry's global **Responsible Care® initiative** since 2006.

 www.responsible-care.com



→ As a member of the **Together for Sustainability** initiative, we promote sustainability in the chemical industry supply chain.

 www.tfs-initiative.com

Active stakeholder dialogue

GRI ←
 G4-18
 G4-24
 G4-25
 G4-26
 G4-27

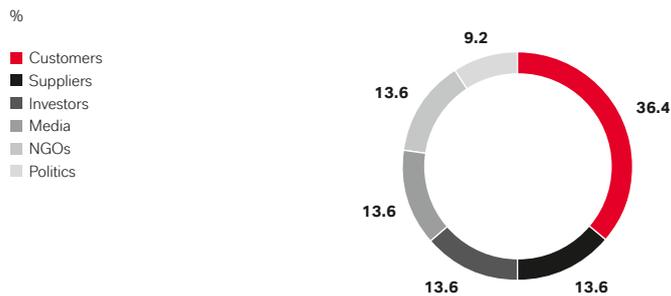
The stakeholders of relevance to LANXESS are the groups, institutions and people with whom we are linked directly or indirectly through our business units and who therefore have a justified interest in our activities. Our most important stakeholder groups are customers, employees, suppliers, capital market participants, the media, neighbors of our sites and representatives of politics, public authorities and non-governmental organizations (NGOs). We conduct an intensive dialogue with all these groups with the aim of identifying topics that they consider to be significant in terms of corporate responsibility. At the same time, we seek to encourage mutual understanding and build trust through an open and constructive exchange of views.

External stakeholder survey enables accurate materiality analysis

In order to optimize our sustainability strategy and utilize resources in the most effective way possible, it is essential to systematically prioritize the various areas of activity. In this regard, we consider the materiality analysis as defined by the Global Reporting Initiative (GRI) to be an important tool. This analysis is based on four principles: sustainability context, materiality, completeness and stakeholder inclusiveness.

In 2015, we commissioned a comprehensive personal survey of our main external stakeholders which was based in both content and method on our 2014 internal survey.

Participation in our External Stakeholder Survey



The survey participants were unanimous that sustainability is of great strategic importance for a global chemical company. A broad majority regard LANXESS as a company that acts sustainably and rated us highly for fulfilling our corporate responsibility. Of the 31 issues evaluated in six areas, our external stakeholders consider anti-corruption, safety at work and compliance to be the most relevant. They saw room for improving sustainability communications through face-to-face discussions – customers in particular would welcome a more active information policy from LANXESS.

The consolidated findings from the two surveys are shown in our materiality matrix, which has been given a clear new format.

→ **GRI**
G4-18
G4-19
G4-26
G4-27

LANXESS Materiality Matrix



Our stakeholders' points of focus also shape the content of our combined financial and sustainability reporting, which for fiscal 2015 has for the first time been drawn up in accordance with GRI G4 Guidelines.

GRI ←
G4-18
G4-26
G4-27

Thus, as well as the detailed information on our compliance management system contained in this section, a large amount of other information about anti-corruption and compliance is once again provided in the GRI Content Index starting on page 247 of this report. Measures aimed at achieving continuous improvements in occupational safety are brought together in the Board of Management's "Xact" initiative, which we discuss in detail on page 55. The Together for Sustainability initiative mentioned previously seeks to provide a transparent portrayal of sustainability in our supply chain. The progress achieved in the reporting year is described in the combined management report on page 119.

Customer satisfaction as a success factor

Customer satisfaction and customer loyalty are among the most important success factors to us. Our central inquiry management system provides customers with information about our products, their applications and potential risks and with product certificates. Critical feedback from customers gives us valuable pointers for improving our products and processes. In early 2015, we established a decentral customer complaint management system in the operating units. Anchored directly in the business units, this process is aimed at addressing customer issues both quickly and competently so as to establish a sustained bond between the customer and us.

Our 2015 customer ←
survey was completed by

421
respondents.

By conducting regular customer surveys using recognized opinion research methods, we obtain vital information about the loyalty of our customers, their expectations and how they perceive our products and services compared with those of our competitors. In the course of the "Let's LANXESS again" program, responsibility for customer surveys was transferred to the individual business units and thus also decentralized. In 2015, five of our ten business units carried out surveys with a total of 421 participants. Positive ratings were received for our technical expertise, customer focus and delivery reliability in particular. On the other hand, the customers surveyed still saw room for improvement in terms of pricing and delivery flexibility. In 2016, the other five business units will follow with their own surveys.

Our daily commitment to high product quality and customer satisfaction is regularly recognized and honored with awards and prizes. For example, in 2015 LANXESS was named Top Influential Brand at the China International Rubber Industry Exposition, a key industry event. U.S. company Dayco, the world leader in manufacturing toothed belts for engine drives and a major customer for our high-performance elastomer Therban, once again rated us its best supplier in China.

Acting together – maintaining effective networks

We are very aware that no single organization alone – company, government, research institute or NGO – will be able to master the major societal challenges of our time. Alongside our own CR activities, we therefore participate in powerful global networks where we combine our competence in sustainable development with the expertise of other partners. As well as state institutions, NGOs in particular – with their extensive expert knowledge of specific issues – have a crucial role here.

Since 2013, for example, we have been supporting “Chemie³,” the joint sustainability initiative of the German Chemical Industry Association (VCI), the German Mining, Chemical and Energy Industrial Union (IG BCE) and the German Chemical Industry Employers’ Association (BAVC). The initiative focuses on the Guidelines for Sustainability in the Chemical Industry in Germany, which encompass a total of 12 areas of activity and were formulated with input from internal and external stakeholders. They are a mission statement for the industry, supporting companies and their employees in expanding their contributions to sustainability. The initiative has also set itself the goal of developing new economic, environmental and social progress indicators in the area of sustainability by 2017.

In addition to trade shows, high-level congresses provide us with important forums for discussion with potential and existing business partners, competitors, scientists and opinion leaders on current developments and future challenges in the area of sustainability. In November 2015, more than 150 international participants accepted our invitation to attend the second LANXESS Pigments Symposium in Shanghai, China. The two TFS Supplier Days that we organized in São Paulo, Brazil, and Shanghai, China, in the reporting year attracted around 750 visitors in total.

We often contribute to studies concerning socially relevant issues, such as an environmentally friendly approach to mobility. In the reporting year, a European Climate Foundation study we supported entitled “Fuelling Britain’s Future” received a great deal of attention and was even presented in the British House of Commons. The central finding of this study was that, like alternative vehicle powertrains, high-tech plastics can make a significant contribution to climate protection. In addition, in a long-term test conducted jointly with energy provider RheinEnergie and confirmed by TÜV Rheinland, we demonstrated that the use of green tires can reduce fuel consumption in urban traffic by up to 7%.

We also conduct an open dialogue with government representatives and with authorities on local, European and international level. The focus is on an active exchange of ideas on strategic corporate issues such as environmentally friendly product and process innovations, developments on raw material and energy markets, and issues relating to the labor market and education policy. Our own offices in Berlin and Brussels place us close to the center of political decision-making. LANXESS representatives are also active in a number of industry associations.

Another important element of our stakeholder communication is structured dialogue with residents in the immediate vicinity of our sites. For example, our affiliate Currenta operates Chempunkt neighborhood offices in Leverkusen, Dormagen and Krefeld-Uerdingen to serve as a point of contact for local residents interested in discussing issues concerning the Chempark sites.

Awards for sustained commitment

Our commitment was again recognized with various awards in 2015. For the first time, the China Enterprise Evaluation Association (CEEA) and the Social Science Faculty of Tsinghua University published a list of 500 companies in China which best fulfill their responsibility to society. In 130th place, LANXESS ranked in the top third of the listing. At the Salute to the China Dream financial summit, LANXESS received the Best CSR Award for the second time in succession in recognition of our leading position in the area of corporate social responsibility and environmentally compatible corporate development.



→ We have been supporting the **Chemie³** initiative in Germany since 2013.

 www.chemiehochdrei.de

→ **GRI**
G4-26
G4-27

Employees

Our long-term entrepreneurial success is fundamentally based on our employees' sense of responsibility, professionalism and focus on solutions. We as a company will only be able to continue successfully exploiting the opportunities presented by evolving markets if we constantly invest in employee training and development – in particular in their ability to act on the basis of values, to take a fresh approach and swiftly implement ideas, and to work as part of a team in developing solutions.

In 2015, our HR strategy continued to support the successful realignment of the Group. In order to shape and steer the cultural shift we are seeking, the Board of Management and senior executives used an interactive approach to develop a new value model, which they discussed with employees in numerous workshops held at almost all our sites around the world. Other focal points of HR strategy were implementing and supporting global restructuring activities and designing the organization of our new partnership with Saudi Aramco.

The ongoing realignment of the LANXESS Group was reflected in our global headcount in 2015. A total of 825 new employees joined the company worldwide in fiscal 2015. 155 new employees were hired in Germany, where our focus was on the recruitment of specialists from various disciplines.

New Employees by Age Group, Gender and Region

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
<20				1						
20–29	7	24	17	52	6	12	18	26	30	184
30–39	13	17	11	39	2	19	16	21	23	142
40–49	5	17	6	17	2	19	1	4	6	28
50–59	5	9	1	10	1	5	1	1		2
≥60	1			1	1	2				
Total	31	67	35	120	12	57	36	52	59	356

Of approximately 1,000 positions worldwide earmarked for elimination through 2016 as part of the re-alignment (see “Strategy” section, page 24), 933 were eliminated through the end of 2015, as planned, as the result of early retirement and severance agreements. To cushion the impact in a socially responsible way, we have taken measures such as appointing an advisory and placement agency in Germany.

Against the backdrop of our headcount adjustment program, we recorded increasing turnover during the reporting period. In Germany, the turnover resulting from voluntary resignations was 1.1% in the reporting period (2014: 0.69%). Globally, it was around 2.9% (2014: 3.29%).

Turnover Resulting from Voluntary Resignations (% , Excluding Reduction Programs)

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
<20				0.0			0.0	0.0		0.0
20–29	0.0	1.9	7.5	3.5	12.4	22.3	10.1	3.5	15.6	14.5
30–39	6.0	1.3	3.1	1.9	5.7	6.3	12.6	1.1	11.0	7.3
40–49	3.6	1.0	1.4	0.8	5.6	2.9	4.0	0.3	4.4	5.3
50–59	1.0	0.5	0.0	0.3	0.8	0.8	3.1	0.0	9.3	3.7
≥60	26.7	4.0	0.0	0.0	4.6	12.5	0.0	0.0	0.0	13.3
Total	4.0	1.1	1.8	1.0	4.1	5.3	9.2	1.0	10.3	8.2

Total Turnover (% , Including Reduction Programs)

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
<20				0.0			0.0	0.0		0.0
20–29	6.1	2.4	12.5	4.0	16.5	24.6	20.3	9.9	17.2	15.4
30–39	8.0	3.8	8.5	3.4	7.6	8.6	21.8	7.4	12.5	9.1
40–49	8.6	3.6	8.2	2.3	7.0	5.1	9.9	7.6	8.9	8.3
50–59	5.1	7.3	12.3	6.6	2.4	9.0	9.4	12.9	15.5	12.2
≥60	133.3	39.4	48.8	41.0	13.9	27.2	0.0	24.2	0.0	53.3
Total	9.3	6.0	11.0	6.2	7.0	11.0	17.5	9.5	12.8	10.8

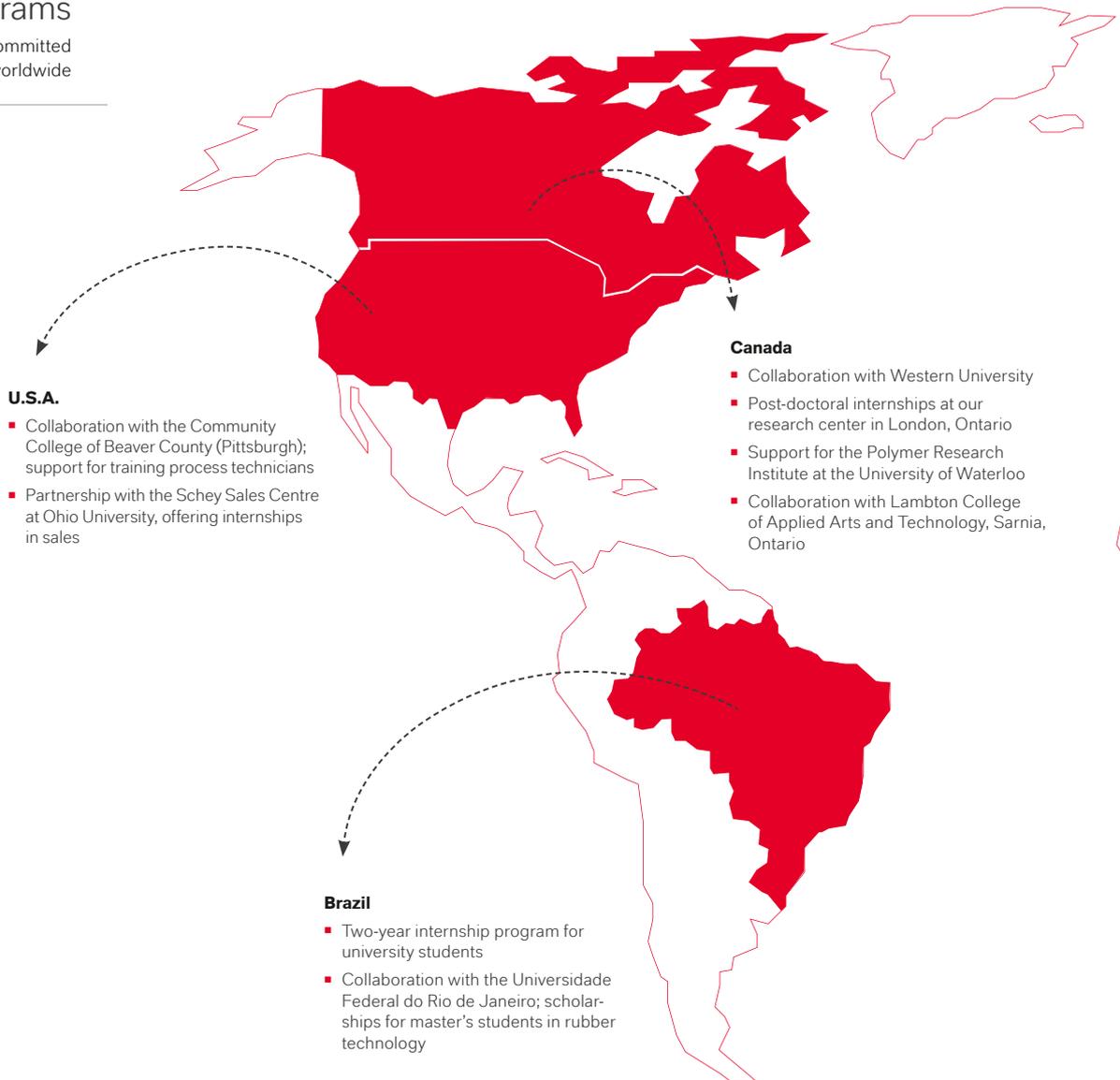
Enthusing talent worldwide

As part of our sustainable, value-based corporate policy and against the backdrop of demographic change, LANXESS is continuing to invest in well-qualified young talents – both apprentices and university graduates – and in experienced specialists and managers.

In order to achieve our corporate goals, it is essential that we remain flexible and open to change in the areas of recruiting and talent management as well. When faced with challenging markets and operating conditions, we expect our employees to display a high degree of professionalism, flexibility and willingness to change. In return, we offer a wide range of development opportunities, including foreign assignments, collaboration in interdisciplinary projects and transfer between business units and central functions.

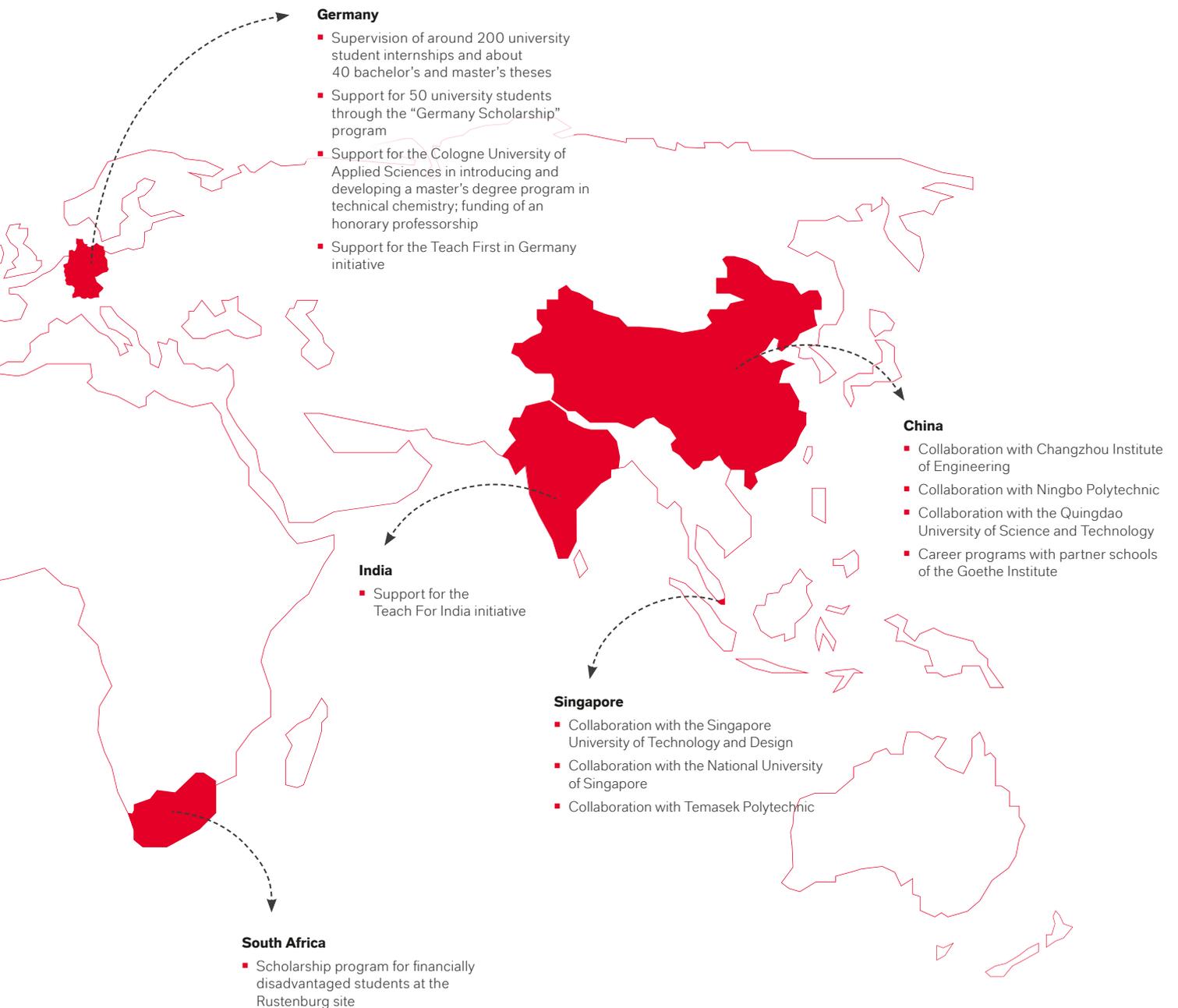
Global Reach of Education Programs ←

LANXESS is committed to education worldwide



In fiscal 2015, we continued to seek direct contact worldwide with talented university and school students through dialogue with universities and our presence at scientific conferences and by organizing our own events.

We are especially committed to fostering young talents during their undergraduate or PhD study programs and facilitating their successful career start. To enable the smartest minds to realize their full potential, we specifically sponsor outstanding master's and PhD students in scientific and engineering subjects through the LANXESS support program. As well as providing financial support, we also greatly value an exchange of information on specialist and career-related issues.



Interns who display above-average qualities may be offered further support through our “eXclusive” talent program. The goal is to give preference to candidates who have completed this program when filling positions within the company.

www.teachforall.org
www.teachfirst.de
www.teachforindia.org

A successful recruiting tool which also benefits society is our partnership with Teach First in Germany and Teach For India (TFI). We have been one of the main sponsors of these not-for-profit organizations since 2010. Both organizations are national network partners of the global Teach For All initiative, which aims to help school students who have had a difficult start in life, fostering their individual talents and developing their career prospects. Particularly highly qualified university graduates from all disciplines, who also have the requisite soft skills, act as fellows for a period of two years, helping schools in socially disadvantaged areas with education and schooling tasks.

Acquiring and retaining specialists and managers

In recent years, our **international trainee programs** have proved very successful. Particularly highly qualified university graduates are prepared for challenging specialist and management roles within the company, already gaining international experience during the program. In 2015, nine international trainee programs were launched in Germany with a total of 16 participants (12 women and 4 men). The focus was on marketing, controlling, engineering, human resources and finance.

We also offer **local trainee and university student programs** in various regions. In the United States, we collaborate with a number of universities to provide trainee and intern programs in the fields of finance and engineering.

LANXESS in India has established three “XTrainee” programs structured individually for students, graduates and prospective managers. Participants in these programs are given a specific project to work on and are supported by a mentor. In 2015, 29 students, graduates and prospective managers received training and guidance in one of these programs. LANXESS in India runs a further one-year training program in collaboration with the Industrial Training Institute (ITI) which allows 14 young people to continue their training after completing an apprenticeship as a production specialist or technician.

On account of their location away from the main business centers, our South African sites have traditionally faced a particular challenge in attracting suitably qualified university graduates. For that reason, we offer attractive trainee programs in a number of engineering and business fields. In 2015, we employed a total of 11 trainees.

Vocational training valuable in recruiting

We have always given priority to training young people as a means of safeguarding the company's future and as an element of our social responsibility. Vocational training is an integral part of our strategy to develop our own skilled workers for our German sites. In 2015, 139 (2014: 147) young people (126 men and 13 women) started a vocational training or combined vocational training and study program at LANXESS in Germany. As of December 31, 2015, LANXESS had a total of 500 young people (82 women and 418 men) in 19 different career paths, including six combined vocational training and study programs. In 2015, despite our restructuring program, we hired 80% of those who completed their vocational training with us in Germany. We aim to maintain both the number of training places we offer and the proportion of young people subsequently hired at this high level in the years ahead.

9

international trainee programs offer university graduates attractive entry opportunities at LANXESS.

500

young people were in vocational training at LANXESS on the reporting date.

In addition, our one-year orientation program “XOnce” provides young people with guidance on their way to vocational training if they are not ready to take this route at the current time. We also aim to help the steadily rising number of people who have sought refuge in Germany from war and poverty. To this end, we are currently developing a concept for offering refugees guidance in their career choice. We are also examining whether we could offer additional, specifically tailored internships, apprenticeships and jobs in the medium term.

An exemplary model

Our company in South Africa provides proof that Germany's vocational training model – with its balanced mix of theory and practice – can be transferred to other countries. As of the end of 2015, 18 young people were participating in a two- to three-year training program in various manual trades. Of course, we aim to hire as many of them as possible in permanent positions at LANXESS once they have completed their examinations. However, even those who do not work for us afterwards will have good career prospects with the qualification they have acquired – in the mining industry, for example. In this way, we are also fulfilling an important social role at our South African sites.

Redefining leadership and performance – optimizing development worldwide

Successful change is primarily the result of successful leadership, which in turn is underpinned by clear, globally binding values and standards. For that reason, we have translated our new value model into five management principles that are applicable worldwide. By the end of 2016, we will integrate these principles into all relevant HR processes and tools.

Our management principles were also taken into account when developing our Executive Database, a global talent management tool that facilitates the matching of job profiles against the candidate profiles produced in annual HR development conferences. At these conferences, we review the performance, potential, individual development needs and future career planning of all our managerial employees around the world. During 2016, we intend to implement the Executive Database worldwide for senior management levels.

In connection with the changes we are making, the question of how well a person represents LANXESS's target performance culture in all its facets is also becoming more important for employees taking on their first managerial role. In India, an analysis of this aspect has been a fixed element of promotion procedures since 2015. We are also pursuing a similar approach in Brazil.

It goes without saying that employee training and development remained important elements of our HR development activities in 2015. Alongside formal training sessions and seminars, which amounted to 10,973 hours in France, for example, employees were able once again to take advantage of many informal measures, such as mentoring and peer-to-peer coaching, which foster continuous knowledge sharing across the company.

→ The **Executive Database** will enable us to optimize selection when filling management positions in the future.

In Germany, the Summer Academy format has been translated into a new program that is offered throughout the year. This program, which is available to all specialist and managerial employees at our German sites, provided a total of 19 training sessions enabling staff to improve their hard and soft skills and to participate in an intensive interdisciplinary exchange of ideas. 194 employees from various business units (62% men and 38% women) took advantage of the offering.

At the Singapore site, we introduced a Skills Matrix Program aimed specifically at production technicians. The program enabled participants to engage in a learning process which they themselves shaped in order to extend their knowledge of production processes beyond their own area of responsibility.

LANXESS Employee Structure by Employment Type, Gender and Region (Also Including Employees on Fixed-Term Contracts)

Employment type	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Permanent contract, full-time	406	2,477	891	6,118	299	995	259	1,150	550	2,275
Permanent contract, part-time	84	176	366	149	17	1	2	1	7	3
Temporary contract, full-time	37	62	127	552	0	0	22	42	23	53
Temporary contract, part-time	4	1	6	7		2	11	17	3	
Total	531	2,716	1,389	6,826	316	998	294	1,210	583	2,331

Experience for international markets

Our global alignment is a key strategic advantage. LANXESS currently employs people from 69 (2014: 77) countries across the world. We do not view training, the transfer of know-how and international experience as a matter of origin or hierarchy. Both new talents and top managers from all regions are given the opportunity to acquire and deploy experience worldwide.

International assignments are a key component of our systematic HR development process. We advertise expatriate positions globally on an internal platform. We also feel it is important to give the best-possible consideration to an employee's family circumstances in the event of international assignment. That is why we support the accompanying partner's professional development, for example.

Short-term assignments, which are necessary for project work, are becoming increasingly important at LANXESS. At the same time, they offer employees with only short-term international mobility the opportunity to gain experience working in other countries. We have therefore enhanced the framework conditions for these short-term assignments. For example, an attractive mix of fringe benefits and special training is now offered for short-term assignments, too.

Since 2014, in the course of our realignment, we have tangibly reduced the number of employees on long-term international assignments. At year end 2015, a total of 87 employees (2014: 136 employees) – around 2.7% (2014: 4%) of our specialists and managers – were working as expatriates outside their home countries. The focus was in the EMEA and Asia-Pacific regions.

In addition to achieving a focused global transfer of knowledge by sending experts and managers abroad, our goal is still to develop local management with the necessary expertise and international competencies in each country and to transfer challenging tasks to suitable employees. At sites outside Germany, 81.1% (2014: 80.9%) of our management functions are currently filled by local employees.

Our **Diversity & Inclusion (D&I)** project is aimed at enhancing diversity at LANXESS and using its positive effects to benefit our company and our employees. The D&I project is focused on the dimensions of age, gender and nationality. It is helping us to become more innovative and effective and to attract and retain promising talents – which is essential given that our business is becoming increasingly international and demographic change has presented us with major challenges in many of our core countries.

The D&I Dashboard facilitates the detailed analysis of data pertaining to the three dimensions in our focus. Each business unit and group function can view its D&I indicators on national, regional and global level, enabling the development of appropriate strategic measures.

Since the project was launched, we have implemented a large number of measures and created the appropriate structures. In the reporting year, the project – which was established in 2011 as a Group-wide Board of Management initiative under the patronage of Board of Management member and Labor Relations Director Dr. Rainier van Roessel – was incorporated into the regular HR organization and operations.

For example, we successfully extended our global mentoring program in 2015. In China, more than ten managerial employees agreed to be mentors and share their experience and insights with promising young talents.

Our HR organization in India created an initiative named EmpowHER to represent the interests of women. In the future, it will develop specific measures for the development of women and serve as a first point of contact for all female employees. Moreover, an experiential learning program is aimed specifically at women, encouraging them to pursue on their own career paths. Two network events across all sites rounded off the varied offering for our female employees in India.

Through these measures, our D&I initiative is making an important contribution to reaching the goal we set ourselves in 2012, in connection with the voluntary undertaking by the DAX 30 companies, of raising the proportion of women in middle and upper management to 20% worldwide by 2020. The figure currently stands at 15.6%.

In accordance with the law on the equal representation of women and men in management positions in the private and public sectors, which came into force on May 1, 2015, certain companies in Germany are required to define targets for the proportion of women on the first two management levels below the Board of Management and to specify when these targets are to be met. In the case of first-time targets, the deadline for implementation may not be later than June 30, 2017. Against the backdrop of LANXESS's ongoing restructuring program, the Board of Management of LANXESS AG resolved to retain the existing proportion of women as the target for the first and second management levels through June 30, 2017. At the time this resolution was taken, the proportion of women on the first and second management levels below the Board of Management was 9.8% and 20.5%, respectively. The proportion of women at both management levels together should be 18.6% at the closing date. We have already taken and are continuing to pursue measures to increase the number of women in management positions across the company.

→ Our **Diversity & Inclusion** project is focused on the dimensions of age, gender and nationality.

→ By 2020, the proportion of women in middle and upper management is to be

20%

Meeting demographic challenges

To address the challenges posed by demographic change, LANXESS worked closely with the employee representatives in 2009 to develop “XCare,” a comprehensive demographic program based on the collective agreement on lifelong working time and demography in the chemical industry. This program, which applies to our German companies, aims to find answers to the challenges posed by a steady rise in the average age of our workforce, coupled with a shortage of skilled young people. The measures brought together within the “XCare” program encompass five areas of activity:

- People and health
- Work and training
- Time and organization
- Career and family life
- Savings and retirement provision

Balancing work and family life remains a main focus of the “XCare” program and is important to an increasing number of employees. A total of 7.0% (2014: 6.7%) of our employees in Germany aged between 20 and 40 made use of the option to take parental leave. Of this figure, almost 43% (2014: 42%) were fathers. 97% (2014: 82%) of the employees who ended a parental leave period in 2015 returned to a job at LANXESS.

Our “Xkids” company daycare center in Leverkusen is now in its third year of operation and all places are full. The facility offers around 50 places for children aged between six months and six years in two preschool groups and one crèche group. In addition, we offer a needs-based number of places at daycare centers in Cologne, emergency places for those instances when regular care arrangements are unavailable, and a Germany-wide agency service for childcare providers.

Statutory maternity leave is a matter of course in Germany and similar models are in place in other European Union countries. However, it is by no means standard practice around the world. For that reason, we investigate whether country-specific models can be introduced or extended at our sites outside Europe. In Brazil, for example, we have reached agreement with the trade unions to benefit our employees by extending maternity leave from the statutory four months to over six months. Also in Brazil, we pay pre-school fees for children up to the age of two whose parents return to work for us after their parental leave.

LANXESS Employee Structure by Age Group, Gender and Region

Age group	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
<20		1		3			1			
20–29	50	201	125	487	24	81	54	187	119	532
30–39	195	673	263	979	51	173	124	380	265	992
40–49	136	849	418	2,046	68	275	50	294	138	556
50–59	103	833	419	2,438	128	373	31	262	33	190
≥60	6	96	32	316	45	94	1	28	2	8
Total	490	2,653	1,256	6,267	316	996	261	1,151	557	2,278

Against the backdrop of demographic change in Germany, providing care is an important aspect of the “career and family life” area of activity of the “XCare” program. Alongside advice from an external service provider and the arrangement of care placements throughout Germany, we offer our employees paid short-term release from duties. Caregiver leave remains at the heart of the LANXESS caregiving program. This allows employees to reduce their working time to a greater extent than their salary during the care phase and to make up the shortfall when they return to work. To date, 40 employees in Germany have taken advantage of caregiver leave and other job release options.

More flexible worktime models are becoming increasingly important at our sites outside Germany as well. For example, we introduced three new worktime models in 2015 for our administrative employees in China, encompassing flextime, part-time and home office working. In Brazil, meanwhile, we offer our administrative employees a model with flexibilized starting times.

→ We are promoting flexible worktime models as part of our **demography initiative**.

Health and preventive action

Protecting the health and safety of our employees remained a focus of activity in 2015. These issues are a regular aspect of the dialogue between employee and employer representatives in all countries where collective agreements apply.

Our occupational health management is based on raising all employees' awareness of their own health and motivating them to adopt healthy behaviors in their professional and private lives. In many plants and departments, employees have taken part in running groups. We also offer influenza vaccinations to all employees at the different sites. In addition, the members of our top management can undergo an extensive medical check-up. If health problems have already arisen, such as musculoskeletal disorders, we offer services such as access to orthopedic specialists, who treat our employees much more quickly than would be the case in the regular health system.

We have successfully deployed reintegration management at all German sites for a number of years. Employees who are suffering illness or have had long periods of absence from work in the past twelve months are provided with extensive advice by our workplace reintegration officers – appointed by the employer – and the reintegration teams made up of employee representatives. Among other things, the teams arrange external contacts and provide individual support for technical or organizational issues at the workplace. In 2015, as in the previous year, more than 40% of the employees invited to participate accepted the offer of an individual consultation with the respective site workplace reintegration team.

In Germany, our occupational health management and workplace reintegration programs are based on agreements with employee representatives. The operational teams are managed by steering committees made up equally of employer and employee representatives.

We also offer employee health promotion initiatives at our sites outside Germany. For example, all our employees in the United States have access to health check-ups paid for by their health insurance. In Canada, our employees receive financial support to pay for membership at a gym or other health-promoting establishment. Our Employee Assistance Program in South Africa offers support in a range of areas over and above health. Employees with personal, family, financial or health issues can turn in confidence to qualified external advisory services.

97%

of our non-managerial employees
have a long-term account
that enables them to retire earlier.

In the area of savings and retirement provision, we continued the long-term account for non-managerial employees as regulated by the agreement with the employee representatives and the collective agreement. In 2015, the very good participation rate was further increased to around 97%. The reporting year was the first in which employees were able to take the time accumulated in their accounts as leave before they retired.

All benefits with respect to work and family, health and retirement provision apply to the core workforce. Individual benefits may vary regionally and be adjusted locally to our employees' needs. Our core workforce comprises all employees with a permanent full-time or part-time position. As of December 31, 2015, they made up 93.3% of our total workforce worldwide. In fiscal 2015, we employed a total of 140 temporary staff (134 men and 6 women) at our German companies – LANXESS GmbH, Saltigo GmbH and IAB Ionenaustauscher GmbH.

88.3% (2014: 88%) of our employees worldwide receive variable compensation. A total of 64.7% (2014: 65%) of our employees worldwide benefit from unfunded company pension plans.

Rewarding performance transparently and fairly

LANXESS offers its employees worldwide transparent, market-rate compensation, which also includes a bonus system linked to the company's long-term success. An employee's individual income is based on his or her responsibilities and performance. As well as collective agreements that are the basis for the compensation of non-managerial staff in Germany and many other countries, legal requirements such as minimum wage levels are also important in ensuring fair compensation. In Germany, for example, we obtain temporary employees only from agencies that are covered by the collective agreement for temporary employment. In addition, the chemical industry pays industry-specific supplements.

The fixed salaries of managerial staff – and of some non-managerial staff – are supplemented by a performance-based variable compensation component known as the Annual Performance Payment (APP), which is paid to employees in countries that participate in this program. The Annual Performance Payment is linked to the attainment of the Group's defined EBITDA target. Additional individual targets are set for top management. In 2015, our employees around the world shared in the company's success in 2014 with a payout totaling €63 million.

During the course of the year, supervisors are also able to reward outstanding employee performance quickly and unbureaucratically with an Individual Performance Payment (IPP). In fiscal 2015, payments of €11.2 million worldwide were made solely for outstanding individual performance. Around 82% of our employees around the world are currently eligible for IPP, which also provides them with a prompt assessment of their performance and career prospects.

For some time now, we have also offered a long-term incentive program for managers in Germany and similar programs in the United States, Canada, India and the Netherlands. The Long-Term Stock Performance Plan (LTSP) 2014 – 2017 consists of four tranches, one commencing each year, and compares the performance of LANXESS stock against the MSCI World Chemicals Index over a four-year period. Since participants make a personal investment and there is the chance that the stock will increase in value, this program is an attractive long-term incentive and a means of enhancing employee loyalty. The participation rate for all eligible employees in the current program is 99.8%.

In 2015, we rewarded
outstanding individual performance
with payments totaling

€11.2
million

Recognizing, rewarding and using good ideas

In 2015, we further optimized the processes and structures of our idea management system. A new works agreement, which became effective on September 1, 2015, is intended to simplify and accelerate the processing and evaluation of ideas. In addition, Saltigo GmbH was integrated into the LANXESS idea management system.

In 2015, employees at our German companies submitted a total of 2,027 (2014: 2,807) suggestions, a rate of 274 (2014: 373) per thousand employees. In the same period, 1,077 ideas (2014: 1,312) were implemented, yielding total savings of €2.56 million (2014: €2.52 million). In addition, 789 suggestions (2014: 887) led to improvements in occupational safety and environmental protection. A total of €0.95 million (2014: €1 million) was paid out to employees whose ideas were put into practice.

Shaping change processes in partnership

A key pillar of our HR policy that we practice worldwide is close cooperation between employee representatives and management, including trade unions and employers' associations, in line with the principle of active codetermination. This means that we also comply with International Labour Organization (ILO) standards and the U.N. Global Compact in respecting our employees' freedom of association and valid collective agreements. Worldwide, 66.9% (2014: 67%) of our employees are covered by collective agreements; in Germany the figure is just under 90% (2014: 90%).

We maintain a dialogue with employee representative bodies in Germany, Europe and around the world to discuss our corporate goals on a regular basis and involve these bodies in organizational changes at an early stage. In the context of the realignment and associated global restructuring program, management and the employee representatives in various countries collaborated during the reporting period to develop and implement socially acceptable solutions. In August 2015, the annual meeting of the European Forum – the company's codetermination platform in Europe – was also dominated by the Group's realignment.

In accordance with the German Works Constitution Act, LANXESS is obliged to inform the Works Council fully and in good time of any planned operational changes which could result in material disadvantage to all or substantial parts of the workforce. The Economics Committee is also informed on a regular basis about the company's economic affairs. We fully comply with our legal obligations with respect to the responsible bodies. Notification periods are defined in the collective agreements in Germany and other countries. In Germany, for instance, it is four weeks. Similar periods in other countries are also always complied with.

Outside Europe, too, we give high priority to fair dealings with employee representatives and trade unions. In South Africa, for instance, we comply with International Labour Organization (ILO) standards with respect to our employees' freedom of association. This includes regular dialogue between local management and trade union representatives as well as binding collective agreements on compensation and working conditions. In the reporting year, local management and trade union representatives at our Sarnia site in Canada worked together to draw up an action plan aimed at improving communication and collaboration between the two parties.

→ We attach great priority to fair dealings with employee representatives and trade unions.

Health, safety, environment and climate protection in the value creation chain

LANXESS is responsible for its actions across the entire supply and value creation chain – from the global procurement of raw materials and product development, through production, storage and transport, to use and disposal. The health and safety of our stakeholders – employees, contractors, immediate neighbors of our production sites, customers and end users – is of central importance at each of these stages.

Through our safety standards, we aim to ensure the responsible application of chemistry in health and environmental protection, in the handling of chemicals, in plant safety and in workplace safety precautions. Company-wide standards are in place to define the associated requirements and responsibilities. Through the ongoing training of our employees and regular auditing of our health, safety and environmental management, we ensure that the requirements are systematically and sustainably implemented in our processes.

Uniform standards in production

Across the globe, LANXESS operates at 52 production sites in which it holds an interest of more than 50% (as of December 31, 2015). The diversity of the company's product portfolio necessitates the use of many different chemical and technical processes. Uniform standards for planning, engineering and operating facilities are applied to ensure a high level of process, plant and occupational safety. Handling chemical substances and working with technical equipment fundamentally involve health and safety risks. Wherever in the world we operate, we systematically identify these risks and the hazard potential – both for existing and new facilities – and minimize them by implementing defined preventive and protective measures. To help us achieve this, we have established LANXESS-specific guidelines within the context of our global management system. These govern our procedures for all safety-critical processes in our production facilities and cover aspects such as the formulation and implementation of technical and organizational protective measures and the environmentally friendly handling of raw materials, products and waste.

To ensure compliance with LANXESS directives and local regulations for the safe operation of facilities, experts on site conduct audits based on targeted spot checks that are carried out with a frequency appropriate to the relevant risk profile and results. At each facility across the globe, compliance with the safety standards must be certified regularly, at least at the intervals required by local legislation. A total of 45 production facilities (2014: 38), 19 of them in Germany (2014: 19), were audited in the context of HSE (health, safety, environment) compliance checks in 2015.

In 2015, we audited ←

45

production facilities

in the context of HSE
(health, safety, environment)
compliance checks.

“Xact”: Board of Management’s global safety initiative

LANXESS attaches the highest priority to the safety of all its work processes. Our “Xact” global safety program, launched in 2011, is aimed at encouraging all employees to work together to improve safety throughout the company and at raising their awareness of this issue.

→ **GRI**
G4–26
G4–27

Making a company safer is a complex task in which each and every employee has the most crucial role. That is why we developed six “Xact” safety regulations as the central principles of safe working at LANXESS. These address the main areas in which every employee – whether they are employed in production or administration and irrespective of their function or position in the hierarchy – can actively contribute to their own safety and that of their colleagues.

Striving for Safety

- I always take time for safety.
- I always pay attention to my own safety and that of my coworkers.
- I decline to do work I cannot do safely.
- I openly address unsafe situations.
- I take action when safety rules are breached.
- I do not give instructions for unsafe actions to be carried out.

After familiarizing our employees around the world with the cultural elements of our occupational safety program in 2014, we launched five more HSE standards in 2015. These incorporate new, stricter regulations for technical activities with a higher risk potential, such as entering containers or tight spaces and using forklift trucks. After receiving extensive training from the “Xact” regional managers, our managerial staff communicated these standards throughout the entire organization during the reporting year.

At the same time, we also continued to drive forward implementation of the program’s cultural elements. One important format in this regard is the safety dialogue, when positive and critical behaviors are discussed and possible improvement measures devised. These discussion sessions regularly take place between supervisors and their staff as well as among groups of colleagues.

We are also seeking to achieve an improved mutual understanding of occupational safety with suppliers who provide us with technical services, for example, and are increasingly integrating them into our safety culture. Here, we apply the principle of “select, train, support and evaluate.” For example, our partners must provide verification of their own safety management system and that their employees who work for us have received certain safety training. Independent of this, we give employees of our partner companies individual safety briefings as a matter of course.

→ We actively integrate suppliers into our safety culture, applying the principle of “select, train, support and evaluate.”

GRI ←
G4-26
G4-27

Another “Xact” tool that is becoming increasingly well established is the Pulse Check survey, which was again conducted among all LANXESS employees in 2015. This gave them a fresh opportunity to describe their personal experience of key safety aspects at LANXESS. Among other things, the anonymous survey seeks to establish the importance that individuals attach to safe working practices, whether they feel involved in safety activities and whether they receive positive feedback for working safely. More than 10,000 employees – a response rate of 61% – provided feedback on their experiences. The level of participation was therefore almost double that for the first survey in 2014 and the responses to all specific questions were generally more positive than last time. For example, 87% of respondents are now familiar with the six “Xact” safety regulations. Our employees believe there is room for improvement regarding the degree to which supervisors acknowledge their safe working practices. Furthermore, the view that all accidents are avoidable is not shared by as many of our employees as we would like.

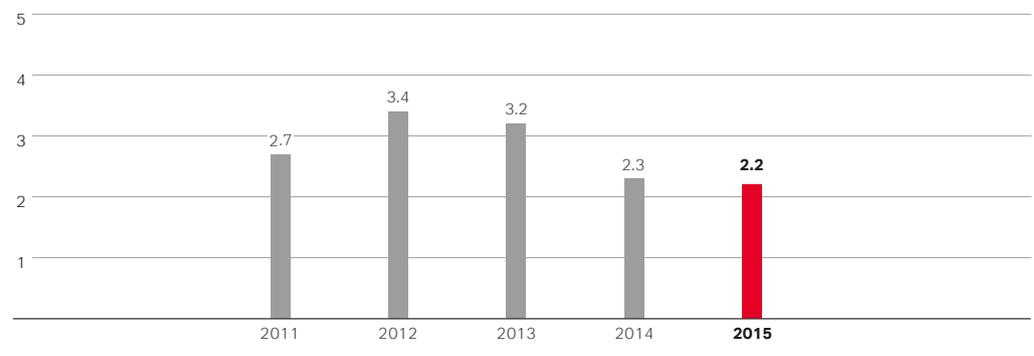
Recording accidents and incidents

Thanks to our electronic Incident Reporting System (IRS), we are able to record accidents and incidents worldwide using standardized procedures. The incidents that are documented include accidents involving people, transport accidents, near accidents, safety-relevant incidents, environmental incidents and downtime caused by, for example, bad weather or strike action. We communicate significant incidents worldwide via our intranet or by newsletter. Each incident is carefully analyzed to identify measures that can be taken to avoid similar accidents, disruptions or near accidents in the future.

LANXESS uses the recordable incident rate (RIR, the number of injuries per 200,000 working hours that are reportable as per OSHA rules) and the lost time injury frequency rate (LTIFR, known as MAQ in Germany and describing the number of injuries for every million hours worked) as indicators for evaluating occupational safety. The LTIFR was 2.2 in 2015, slightly lower than the previous year’s level. It was 3.2 in 2013 and 3.4 in 2012. This substantial medium-term reduction shows that the measures implemented over the past three years to improve occupational safety at LANXESS are taking effect. For example, we have seen a significant decrease in the number of work-related injuries at our chrome oxide mine in South Africa. The RIR, which was recently introduced to enhance international comparability, was 0.8 in 2015 and 2014, down from 1.1 in 2013.

Carrying forward the positive trend of recent years will require further concerted efforts supported by “Xact.” We should benefit from our employees being much more safety-conscious than they were in the past owing to the raised profile of occupational safety.

Work-Related Injuries to LANXESS Employees Resulting in Absence from Work (LTIFR)¹⁾



1) LTIFR: accident rate per million hours worked resulting in one workday or more lost following the day of the accident, calculated for all employees (including temporary workers) at all sites

Global product stewardship

LANXESS is committed to the Responsible Care® Global Charter, a comprehensive product stewardship initiative by the world's chemical industry launched by the International Council of Chemical Associations (ICCA) that was the key factor in the development of the Global Product Strategy (GPS). This aims to provide basic information and risk assessments for substances so that the impact of chemicals on human health and the environment can be minimized and products can be manufactured and distributed in such a way as to prevent injury to people and damage to the environment.

In line with the aforementioned commitment, our product stewardship covers the safe handling of chemical substances and products throughout their life cycle – from procurement and research and development, through production, storage, transportation and downstream processing to marketing and disposal.

The Product Safety Management at LANXESS Directive steers the Group-wide observance of product stewardship and secures the participation of everyone involved. This applies in particular to those substances in our product portfolio that are classified as hazardous. Our Central Product Surveillance Directive systematically governs worldwide tracking of our products and their use in respect of potential health and environmental impacts. The information acquired is used by our product developers and product safety experts in their evaluations.

Management of chemical control regulations

The safe handling, marketability and safe transportation of our chemicals and products are conditional on compliance with global chemical control regulations.

LANXESS has a global organization supported by an electronic safety data system to ensure compliance with both mandatory and voluntary control requirements. Material safety data sheets in more than 30 languages inform our customers worldwide about substance data and the safety measures that are necessary when using the relevant chemicals. We aim to raise marketability and the provision of hazardous goods data to a globally uniform safety and technical standard by successively integrating this safety data system into our SAP system worldwide. In 2015, we integrated our country organization in Spain and the Rhein Chemie organization in the United States into the system.

We regularly adapt our electronic safety data system to reflect changes to the GHS (Globally Harmonized System of Classification and Labeling of Chemicals) in various countries. The GHS is a system under the umbrella of the United Nations that aims to harmonize existing classification and labeling systems used in various sectors such as transportation and consumer, employee and environmental protection. We observe regional variations in the implementation of the GHS such as the European Union's CLP (Classification, Labelling and Packaging of Substances and Mixtures) regulation.

Before manufacturing, importing or selling our products in a given country, we examine their marketability in accordance with the chemicals legislation in force there. We register our substances and products in line with local requirements and participate in the substance analysis programs of the responsible authorities by supplying all available information and collecting new data if necessary. Efforts to meet the new requirements in chemicals legislation in Taiwan and South Korea – in terms of registration requirements for both new and previously listed substances – continued in 2015. Our experience in implementing REACH in the European Union helped with this.

→ Material safety data sheets in more than

30
languages

inform our customers worldwide about substance data and the safety measures that are necessary when using our products.

www.echa.europa.eu  ←

We expressly support the protection goals of the E.U. REACH regulation, which aims to ensure a high level of safety for human health and the environment in the manufacture and use of chemicals. We have so far pre-registered all the substances that are relevant for LANXESS with the European Chemicals Agency (ECHA) in Helsinki, Finland, by the stipulated deadlines. By the third deadline, on May 31, 2018, all substances we produce in volumes exceeding one ton will have been registered in Europe. Registration involves the systematic evaluation of information concerning our substances and their uses. In doing this, we consider the entire product life cycle. Within the context of a voluntary commitment made by the German Chemical Industry Association (VCI) in 1997 to record and assess substances, we go beyond the legal requirements to determine a basic data set for our intermediates as well, in line with Appendix VII of the REACH regulation.

In the case of consumer applications in particular, such as those in the areas of food and drinking water contact, toys, cosmetics, pharmaceuticals and medical products, we ensure that our products meet national and international laws and standards, religious dietary laws and quality hallmarks. In this way, we actively support our customers in the certification of their materials for drinking water contact applications, for example.

The exchange of information with our customers is an important aspect of our product stewardship activities. We therefore provide them with extensive information about our products via the IMDS (International Material Data System), an automotive industry database for archiving, exchanging and managing information, or via LANXESS's product-specific database, which has a public area and a restricted area for registered business partners.

No Pellets Emission – making sure everything stays where it belongs

A good example of how we use the information gained from product monitoring to develop our own measures is the No Pellet Emission project. This focuses on plastic pellets, which may be released into the marine environment due to inattentiveness at various stages of the value chain – during production, distribution, storage and transportation. Plastic pellets themselves do not react chemically but may have an undesired impact on account of their small size and volume. We therefore joined forces with PlasticsEurope Deutschland to launch the No Pellet Loss project as part of the Responsible Care® initiative, with the goal of motivating all stakeholders to handle plastic pellets in a responsible way.

As part of the internal LANXESS No Pellet Emission project, our facilities in Germany that handle pellets have systematically analyzed all potential emission sources and put in place measures designed to effectively prevent water pollution caused by pellets. Based on our experience and findings to date, we want to give the No Pellet Emission project global scope in 2016.

Procurement in the supply chain

Responsible action begins in procurement. At LANXESS, raw and other materials, plant and services must satisfy globally uniform safety and environmental protection requirements. Raw materials in particular are subject to stringent monitoring to ensure safe processing in our production facilities. For example, the procurement of any raw material is dependent on the submission by the supplier of a current material safety data sheet. Our procurement department clarifies which of the REACH requirements must be satisfied in the case of raw materials from non-European suppliers. In order to minimize our procurement risks and enhance supply chain transparency, we and five other international chemicals companies founded the Together for Sustainability initiative in 2012 (see page 119).

Global dangerous goods and transport safety management

Through our global dangerous goods and transport safety management system, we ensure the avoidance of hazardous situations in the relevant processes. We centrally coordinate, supervise and review the implementation of international, regional and local dangerous goods and transport safety regulations and internal company guidelines. The central classification of our products ensures uniform interpretation of international, regional and local dangerous goods regulations, while at the same time respecting regional and local specifics.

Classification determines, among other things, the form of encapsulation (packaging and tanks), marking and labeling, permitted modes of transport and transport routes and the measures that emergency services must take in the event of a transport incident. The corresponding classification data are archived in LANXESS's safety data system for chemicals. In 2015, we expanded the central dangerous goods classification for Mexico and Uruguay and made preparations to incorporate Australia into the system. In the years ahead, we aim to consistently pursue this approach and integrate the remaining countries – Argentina, India, Japan, Russia and South Korea.

Storage management

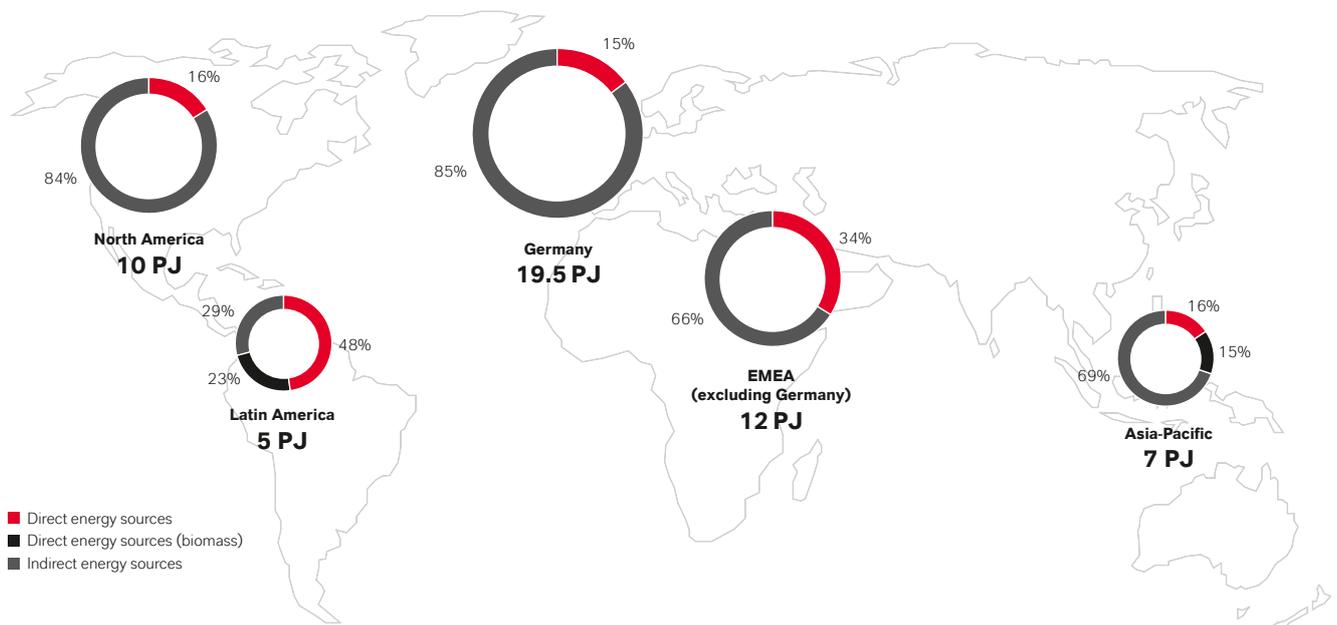
We operate our own warehouses, but also commission external warehousing service providers, selecting them on the basis of a specified process that considers relevant aspects such as logistics, safety and security, environmental protection and cost-effectiveness. In line with a chemical industry concept, we apply a globally standardized warehouse concept that takes into account the substances stored and meets fire protection and occupational health and safety requirements.

Ecological responsibility

As LANXESS sees it, conserving natural resources – for example, through the most efficient possible use of raw materials and energies – and identifying further potential for reducing emissions and waste are an ongoing mission and an inherent part of our ecological responsibility to which we must apply our expertise. We equip all new production sites in line with state-of-the-art environmental standards, taking into account local requirements. This often sets us apart from local competitors.

Direct and Indirect Energy Consumption by Region

petajoule/%



Systematic energy management

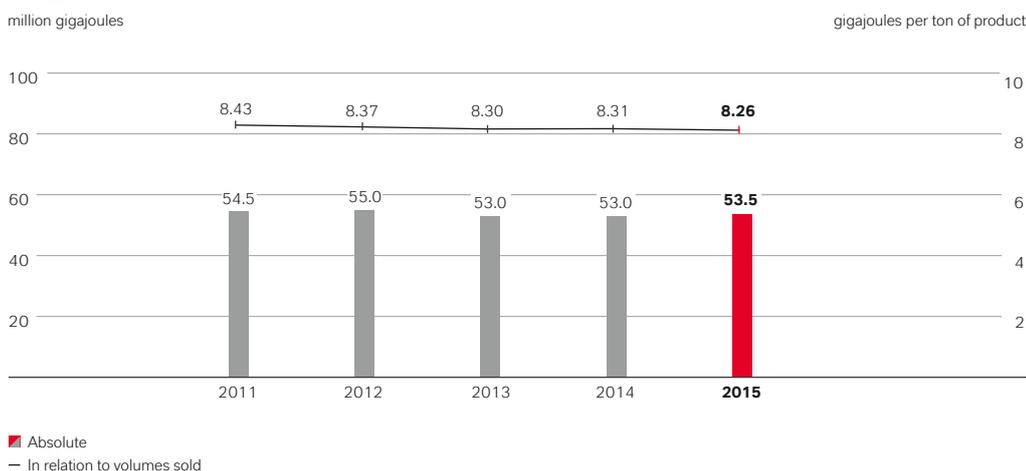
Resource and energy efficiency are key factors both for the cost-efficiency of our company and in climate and environmental protection. In this connection, we have established a global procedure for an energy management system in line with ISO 50001. The centrally managed global implementation project was completed in 2014. Our certification in Germany was reconfirmed in 2015. On account of our realignment activities, we have revised our strategy of global certification of the energy management system in favor of a regional certification strategy. In the future, decisions will be taken locally on the basis of regulatory requirements. For example, LANXESS Liyang in China successfully obtained certification in April 2015.

In 2015, we concluded the LANXESS Energy Efficiency Program (LEEP), in which we had combined our measures to increase energy efficiency since 2012, and handed over ongoing projects to the relevant business units for further implementation. A number of cross-business unit projects had already been concluded by this time. The results achieved by LEEP are now being fed into the business units' potential analyses and optimization projects.

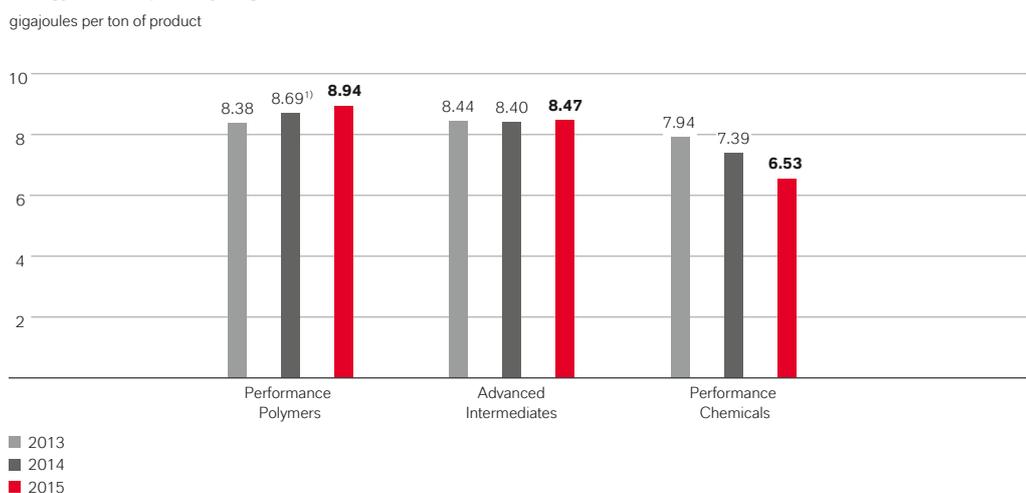
Energy consumption

As the volumes produced and our product mix play a significant role alongside efficiency, the savings cannot be directly represented in our absolute energy and emissions data. For this reason, global energy consumption appears largely unchanged compared with the previous year.

Energy Consumption



Energy Consumption by Segment

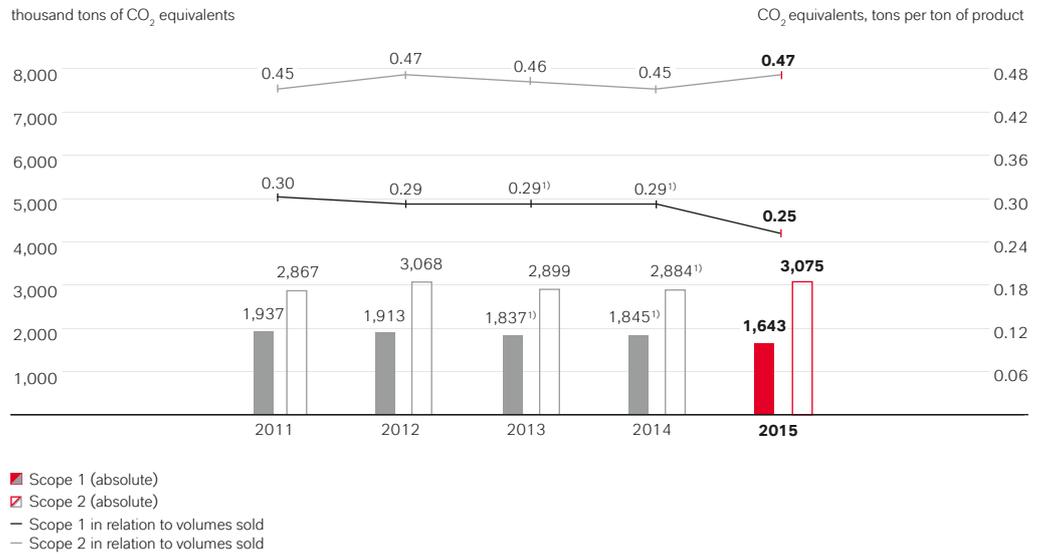


1) Figure restated

Reduction of climate gas emissions

In the reporting period, we recorded a decline in both absolute and specific Scope 1 CO₂e emissions. Scope 1 emissions cover direct emissions from production and our own energy generation operations. Scope 2 CO₂e emissions are indirect emissions associated with the procurement of energies.

Greenhouse Gas Emissions (Scope 1 and Scope 2)

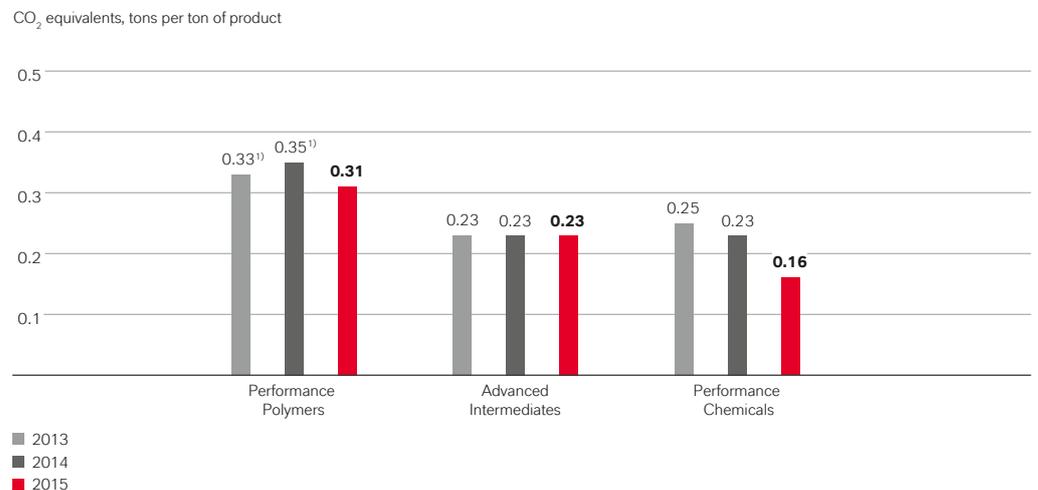


1) Figure restated

In 2015, we participated for the tenth time consecutively in the Carbon Disclosure Project (CDP), sharing data and information on climate protection and the reduction of emissions. The CDP is an organization representing international institutional investors which have joined forces in order to improve transparency for the financial market on questions linked to climate change and the requisite corporate guidelines. We achieved a disclosure score of 98 out of a possible 100 points in 2015, having created a very high level of transparency for the greenhouse gas emissions caused by LANXESS and our strategies and activities designed to reduce our environmental impact.

In Europe, 17 LANXESS facilities and/or sites are subject to the European Emissions Trading System. Trading in CO₂ emission rights – or allowances – is a cost-effective way of reducing harmful CO₂ emissions. Since all our facilities that are eligible for emissions trading are at the cutting edge of technology and compete on the international market, we expect to receive an adequate number of free allowances up to the end of the third trading period in 2020 to cover our anticipated CO₂ emissions.

Greenhouse Gas Emissions (Scope 1) by Segment



1) Figure restated

Sustainable logistics

We select our transport solutions worldwide on a case-by-case basis, applying the principles of safety, punctuality and cost-effectiveness. We also take into account the CO₂ emissions resulting from our transports.

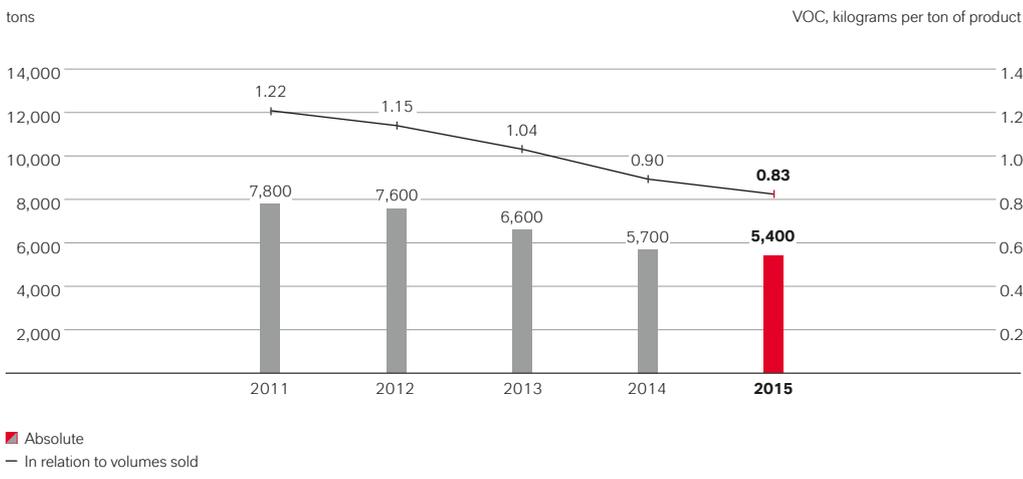
Today, we already use ships as the means of transport with the lowest emissions for around 90% of all ton-kilometers (tonnage transported multiplied by the distance transported in kilometers). In Germany, we continue to use the TÜV SÜD-approved Eco Plus solution offered by logistics provider DB Schenker Rail for transporting our products by rail. The electricity required for transport is obtained from renewable energy sources. This enables us to reduce the CO₂ emissions from our German rail transport operations by almost 75% compared with the standard solution. In 2015, we further extended our tried-and-tested railshuttle concept for our Uerdingen site. Every day, up to 20 export containers now leave the site by rail, bound for seaports. We also use this concept to bring in raw materials that are landed at the same ports.

Packaging is an often critical aspect in sustainable logistics processes. However, it is of lower significance to a chemical company like LANXESS because at least 60% of our products are transported in reusable containers.

Other atmospheric emissions

In the year under review, our emissions of volatile organic compounds (VOC) decreased further – both in absolute terms and in relation to the volumes sold. This was due to, among other things, various measures we had taken to achieve our environmental protection target of cutting VOC emissions by 30% through the end of 2015 (base year: 2010).

VOC Emissions



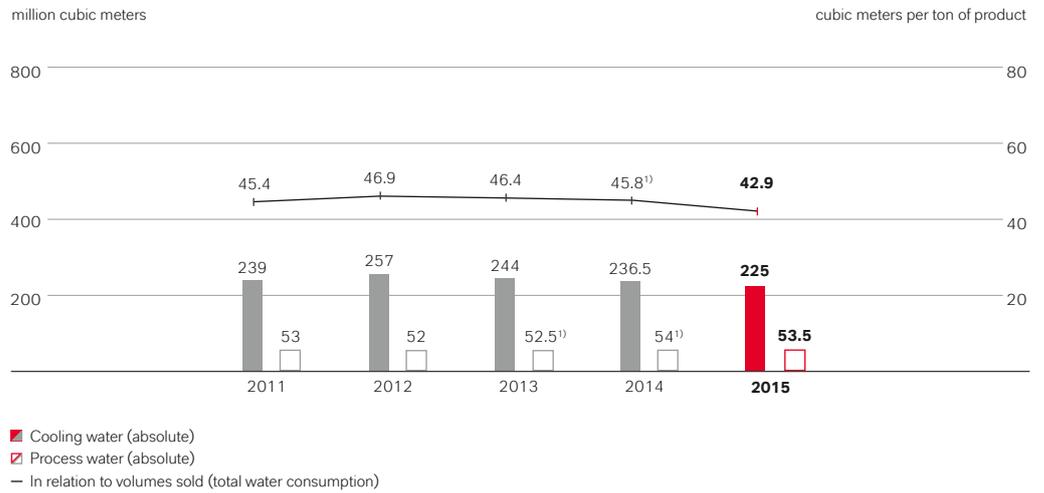
Responsible use of water resources

All wastewater and surface water discharges at our sites are subject to legal and permitting requirements. We use both technical (wastewater treatment) and organizational (monitoring) measures to comply with these requirements.

Before the authorities issue an operating permit, an assessment is carried out on the possible economic, social and environmental impacts of water extraction on the surrounding area. At all LANXESS sites, this takes place under approved conditions. The issue of water extraction is also addressed by our environmental protection compliance program.

In the year under review, we again achieved a slight reduction in our total water consumption in relation to volumes sold. Viewed over the longer term, we are thus maintaining consumption at a stable level.

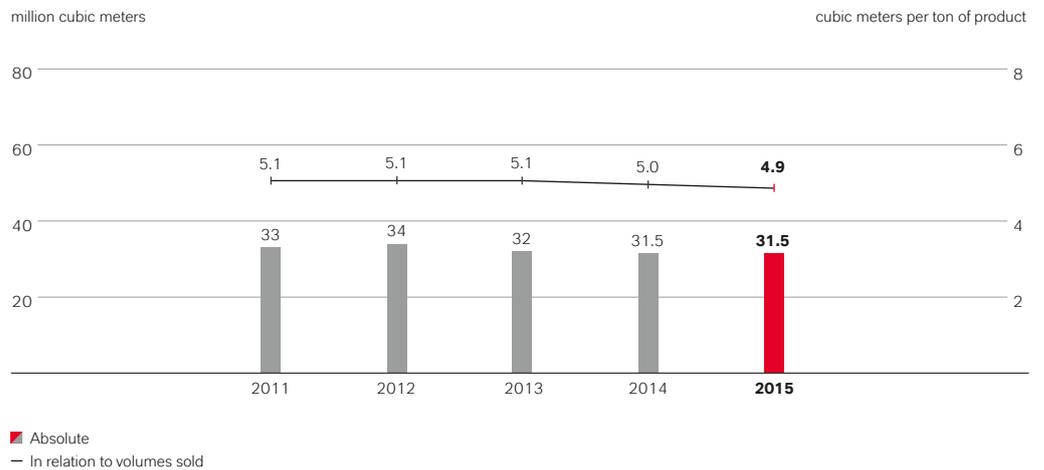
Water Consumption



1) Figure restated

With respect to the amount of wastewater requiring treatment, we have also achieved a relatively stable level over the past years in relation to volumes sold.

Wastewater

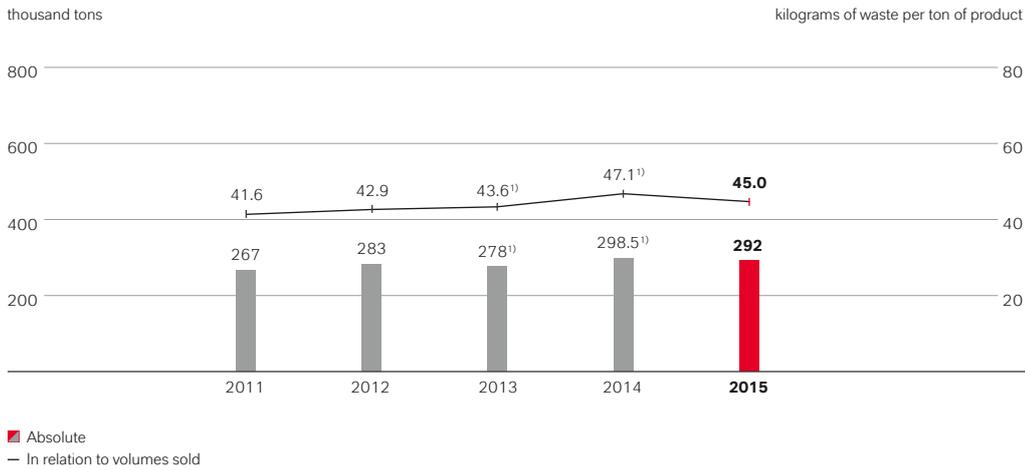


Sustainable waste management

The company aims to employ a consistent material flow management process – from the use of raw materials to the manufacture of the final product – so as to deploy resources as efficiently as possible and minimize the amount of waste we produce. Some forms of waste can be used as secondary raw materials and are thus a valuable resource. Sustainable waste management therefore involves systematically avoiding waste and, if this is not possible, using waste as a raw material or energy source. In order to minimize the amount of waste requiring disposal, we seek to continuously improve our production processes.

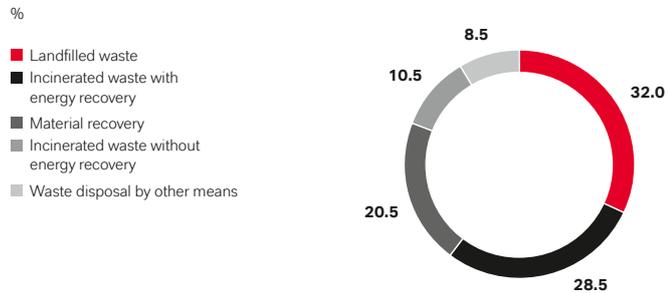
The total amount of waste generated in relation to volumes sold dropped slightly compared with the previous year. The amount of waste classified as hazardous also declined at the same time. All forms of waste are disposed of or reused in compliance with statutory requirements. Almost half of our waste is used in material or energy recovery.

Total Waste



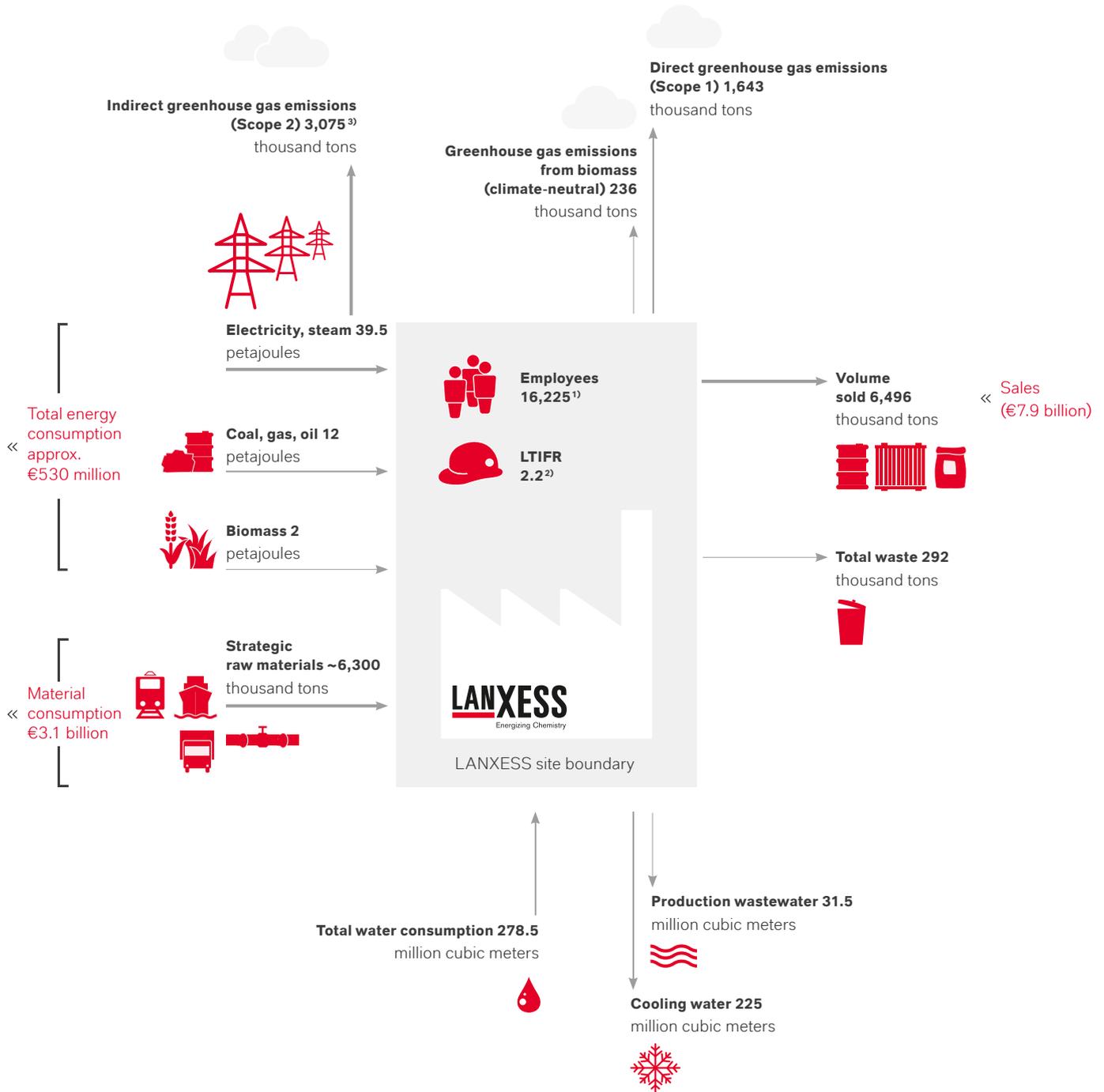
1) Figure restated

Waste for Disposal



Input-Output Balance Sheet 2015

LANXESS reporting ceiling



1) Permanent workforce at the core companies (excluding temporary workers) as of December 31, 2015.
 2) LTIFR: accident rate per million hours worked resulting in one workday or more lost following the day of the accident, calculated for all employees (including temporary workers) at all sites.
 3) Calculated using the market-based method in accordance with the GHG Protocol

Systematic recording of key performance indicators

We use an electronic system for the systematic global recording of key performance indicators (KPIs) in the areas of safety and environmental protection. This system enables us to define a broad range of HSE performance data for each business unit and site worldwide. These provide a valid database for internal and external reporting and map the progress we are making toward achieving our globally applicable HSEQ targets (see table on page 72). Data for all indicators except the LTIFR are gathered only at those production sites in which the company has a holding of more than 50%. We are working systematically to improve our data recording processes and data quality.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft assessed our HSE indicators for 2013 to 2015 (see below) and the necessary data recording processes in the course of a business audit with a view to achieving a "limited assurance" rating. The audit certificate can be found on page 245.

Environmental and Safety Performance Data*

	2013	2014	2015
Safety			
Occupational injuries to LANXESS employees resulting in at least one day's absence (per million hours worked) ¹⁾	3.2	2.3	2.2
Volume sold ²⁾ in thousand tons/year	6,371	6,343	6,496
Energy in petajoules (10 ¹⁵ joules) ³⁾	53	53	53.5
Direct energy sources			
Non-renewable	13	13	12
Renewable	0	0	0
Indirect energy sources			
Non-renewable	38	38	39.5
Other direct energy sources			
From biomass	2	2	2
Water in million cubic meters/year			
Total water consumption	296.5 ^{a)}	290.5 ^{a)}	278.5
Surface water	138	120.5	107
Groundwater	7	6	7
Rainwater	0.5	0.5	0.5
Wastewater	1 ^{a)}	1	1
Other water sources	150 ^{a)}	162.5 ^{a)}	163
Cooling water in total water consumption ⁴⁾	244	236.5	225
Process water in total water consumption	52.5 ^{a)}	54 ^{a)}	53.5
Atmospheric emissions in thousand tons CO ₂ e/year			
Total greenhouse gas emissions CO₂e	4,736 ^{a)}	4,729 ^{a)}	4,718
Direct (Scope 1) ⁵⁾	1,837 ^{a)}	1,845 ^{a)}	1,643
Indirect (Scope 2) ⁶⁾	2,899	2,884 ^{a)}	3,075
Ozone-depleting substances	0.00115	0.00132	0.00113
NO_x, SO_x and other emissions			
NO _x ⁷⁾	2.5	2.8	2.8
SO ₂ ⁸⁾	1.1	1.1	1.0
CO	2.1	2.1	2.2
NH ₃	0.1	0.1	0.1
NMVOG ⁹⁾	6.6	5.7	5.4

Environmental and Safety Performance Data*

	2013	2014	2015
Wastewater in million cubic meters/year			
Total wastewater discharge	276	268	256.5
Cooling water (uncontaminated, without treatment) ⁴⁾	244	236.5	225
Production wastewater (with treatment)	32	31.5	31.5
Emissions in wastewater (after treatment) in thousand tons			
Total nitrogen	0.48	0.52	0.54
Total organic carbon (TOC)	2.0	2.2	1.9
Heavy metals ¹⁰⁾	0.0045	0.0065	0.0059
Waste in thousand tons/year			
Total weight of waste	278 ^{a)}	298.5 ^{a)}	292
Incineration with energy recovery	68 ^{a)}	82.5 ^{a)}	84
Incineration without energy recovery	24 ^{a)}	26.5 ^{a)}	30
Landfilling	99	111	93.5
Material recovery	64	56.5	59.5
Other forms of disposal	23 ^{a)}	22 ^{a)}	25
Type of waste			
Hazardous	160	191	188
Non-hazardous	118 ^{a)}	107.5 ^{a)}	104

Explanations concerning our environmental and safety performance data

* The aggregate data refer to all LANXESS production sites in which the company holds an interest of more than 50%.

2013/2014/2015: Some of the data are based on estimates and projections.

The indicators were assessed (limited assurance) by PwC AG Wirtschaftsprüfungsgesellschaft in the course of a business audit.

- 1) LTIFR: accident rate per million hours worked resulting in one workday or more lost following the day of the accident, calculated for all employees (including temporary workers) at all sites
- 2) Volume sold of goods manufactured by LANXESS and sold internally to another LANXESS company or externally (excluding commercial products)
- 3) The energy volumes given were calculated on the basis of simplified assumptions and typical substance values. They do not include other forms of imported energy (e.g. the energy contained in raw materials).
- 4) Equivalent to circulating cooling water
- 5) The emission factors used for fossil fuels are based on calculations by the U.S. EPA (AP-42 from 1998) and on the IPCC Guidelines for National Greenhouse Gas Inventories (2006). In accordance with the GHG Protocol (2004), the factors for calculating CO₂e are based on the global warming potential (time horizon: 100 years) defined in the IPCC Second Assessment Report (SAR 1995).
All Scope 1 greenhouse gases are calculated as CO₂e. 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: 2013: 223 kt CO₂, 2014: 217 kt CO₂, 2015: 236 kt CO₂.
- 6) All Scope 2 greenhouse gases are calculated as CO₂e. The conversion factors used were provided by the energy producers for 2008 or 2009. Where these were not available, factors from the IEA (International Energy Agency) for 2011 were used for fiscal year 2013, factors from 2012 were used for fiscal year 2014 and factors from 2013 were used for fiscal year 2015.
The Scope 2 CO₂e emissions are calculated using the market-based method in accordance with the GHG Protocol. Using the location-based method, Scope 2 CO₂e emissions for 2015 amounted to 4,508 kt.
- 7) Nitrogen oxide (NO_x) calculated as NO₂ (excluding N₂O – nitrous oxide)
- 8) Sulfur dioxide (SO₂) + SO₃ calculated as SO₂
- 9) Total VOC (volatile organic compounds) excluding methane and acetone
- 10) Heavy metals (arsenic, cadmium, chromium, copper, mercury, nickel, lead, tin, zinc)

a) Values restated due to supplementary notifications

Mid-term emissions targets achieved

In 2010, we set ourselves the target of reducing both the specific energy consumption and specific CO₂e emissions of each of our business segments by 10% through the end of fiscal 2015. We also formulated the target of reducing our VOC emissions by 30% through the end of 2015. Due to various influencing factors, we achieved both our CO₂e and VOC targets (unadjusted) by the end of 2015, but did not achieve our energy target. First, we did not achieve our planned business growth targets, which had been used as the basis for setting both the aforementioned targets and the budget for the corresponding investment in efficiency measures. Second, portfolio adjustments in the form of acquisitions and new facilities also had a substantial effect and, in some cases, hindered progress in achieving the targets. As the volumes produced and the respective product mixes are significant factors alongside efficiency, the savings effects cannot be directly depicted in absolute energy and emissions data.

Specific energy consumption

Comparing the specific energy consumption in the individual segments in 2015 with the figures from the base year 2010 shows that only the Advanced Intermediates segment has improved, while the other two segments have not. On the one hand, this outcome can be attributed to LANXESS's business development, which resulted in production and sales volumes that were below original assumptions. On the other hand, measures associated with the "Let's LANXESS again" program and changes to the way energy is recorded are also involved. For example, one consequence of the realignment program was that the energy efficiency measures identified by LEEP could only be implemented to a limited extent, if at all. Furthermore, due to the continuous expansion of our energy recording systems, far more energy sources are now included in our reporting than was the case in the base year 2010.

Specific CO₂ emissions

In terms of specific CO₂ emissions, all segments achieved their reduction targets. With a reduction of around 30%, the Performance Chemicals segment substantially exceeded its target. The situation was also very encouraging in the two other segments – Performance Polymers and Advanced Intermediates – where we succeeded in cutting specific CO₂ emissions by approximately 13%. One key reason for this achievement is the partial switchover to climate-neutral biomass for in-house power generation. We were able to reduce our specific CO₂ emissions across all segments by more than 15%.

Absolute VOC emissions

The situation regarding VOC emissions is also encouraging. Focused measures enabled us to exceed our reduction target of 30% (in absolute terms). For example, at our sites in Belgium, Brazil and Canada alone, which are responsible for a significant share of our total volatile organic compound emissions, we reduced emissions by some 3,000 tons.

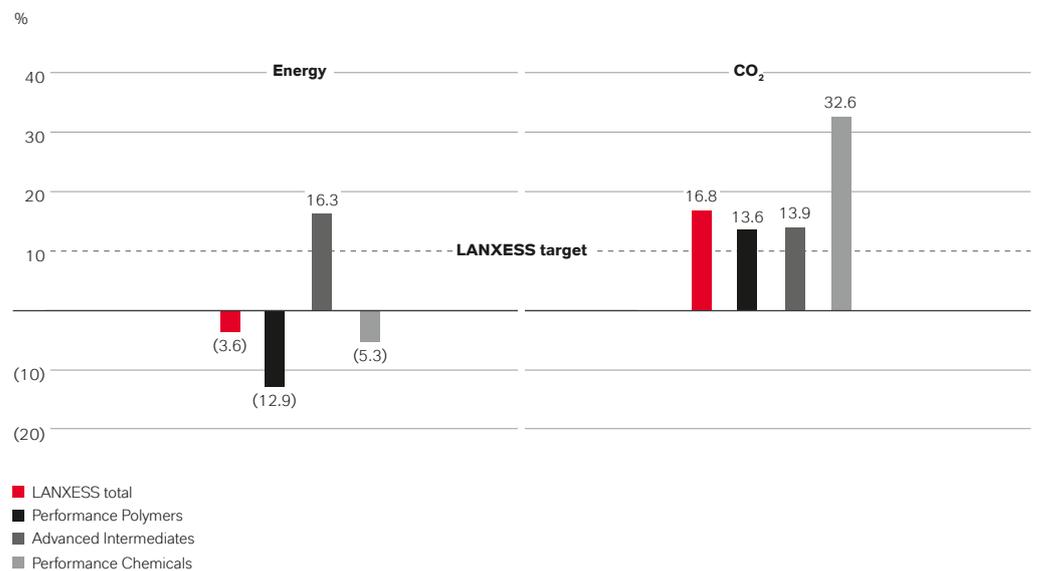
Analysis of adjusted values

In terms of specific energy consumption, the picture is slightly different if we factor in the effects of portfolio adjustments and larger volumes of energy data being collected. Here, too, the Advanced Intermediates segment achieved its energy efficiency target and the Performance Polymers segment succeeded in slightly reducing its specific energy consumption. The Performance Chemicals segment cannot point to any improvement in energy efficiency for the period from 2010 through 2015. However, the LANXESS Group as a whole achieved a 5% reduction in specific energy consumption.

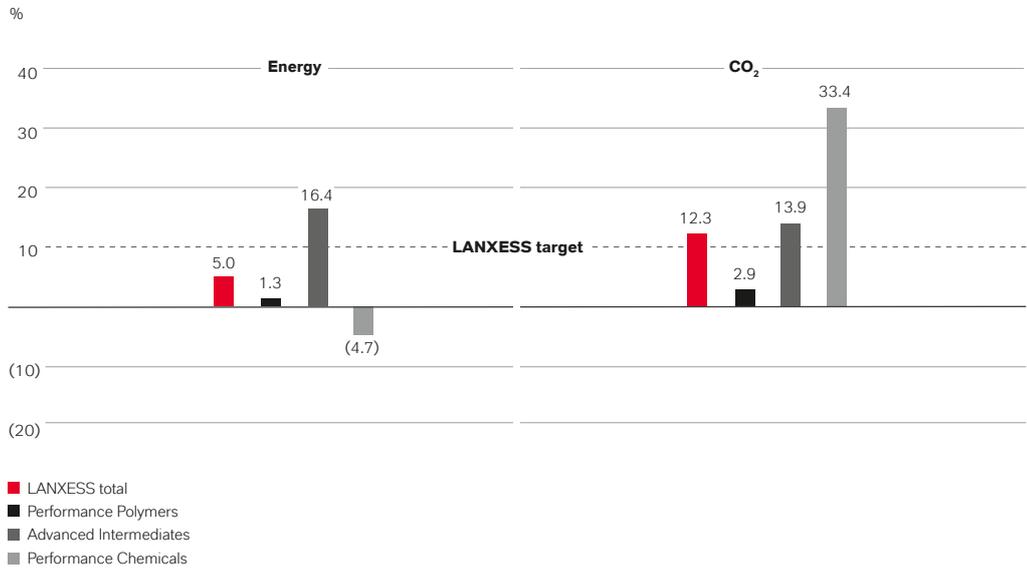
In terms of CO₂ emissions per ton of product sold, the Advanced Intermediates and Performance Chemicals segments achieved their targets with reductions of 13.9% and 33.4%, respectively. Although the reduction of 2.9% in the Performance Polymers segment is below the target value, it still contributed toward the overall result. We succeeded in lowering our specific CO₂ emissions across all segments by 12.3%.

In terms of volatile organic compounds, we not only achieved but substantially exceeded our adjusted target. This demonstrates the effectiveness of the measures implemented in the facilities that already belonged to LANXESS in the base year 2010.

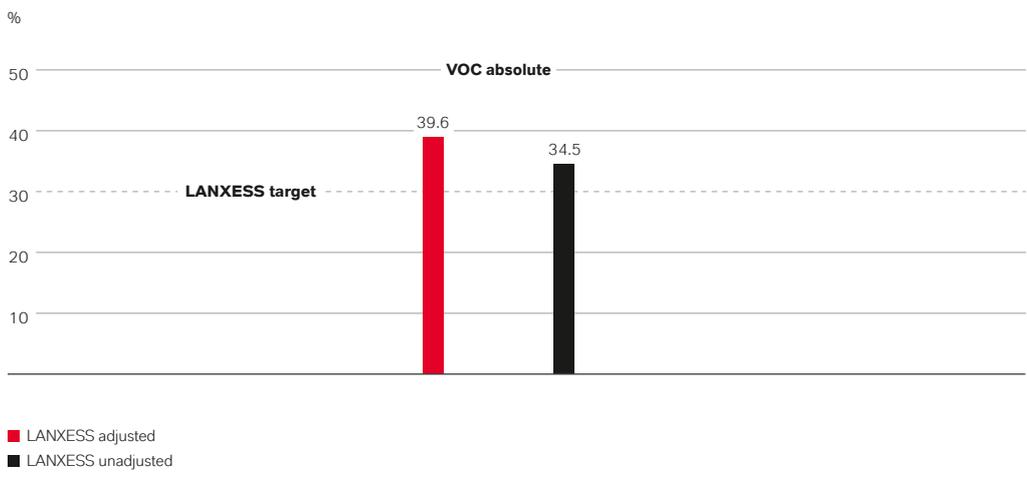
Target Attainment Energy and CO₂ (Unadjusted)



Target Attainment Energy and CO₂ (Adjusted)



Target Attainment VOC Emissions



HSEQ – 2015 targets

Subject Area	Program/Action	Target Date	Target Attainment
Management of HSEQ-related risks	<p>Development and introduction of a global HSEQ risk identification and evaluation process with the following objectives:</p> <ul style="list-style-type: none"> ▪ Strengthen awareness of occupational safety and foster continuous improvements in support of LANXESS's "Xact" global safety program ▪ Reduction and prevention of <ul style="list-style-type: none"> – Incidents relating to plant and process safety – Environmental incidents and their impact – Transport incidents 	2020	<p>In the course of preparations for the upcoming standard revision (ISO 9001/14001 Revision 2015), a team was put together to identify risk-related requirements and transfer these to HSEQ-related areas of activity, for example:</p> <ul style="list-style-type: none"> ▪ "Xact" Pulse Check survey as a key indicator for the global safety culture ▪ Project for enhanced load securing in freight containers ▪ Controls in the area of process and plant safety to be extended to toll manufacturers and external warehouses
Sustainable supplier management	<p>Development and establishment of a new sustainability standard for our suppliers:</p> <ul style="list-style-type: none"> ▪ The sustainability standard for our suppliers to be advanced in tandem with relevant industry initiatives ▪ Support for the Together for Sustainability initiative, which aims to standardize and share sustainability assessments of suppliers in the same industry 	2020	<p>A standardized audit process was developed and rolled out by the TFS working groups.</p> <p>A global audit framework was established for third-party audits. Starting in 2016, the number of audits will be greatly increased.</p> <p>Collaboration in the TFS working groups was intensified.</p>
Climate protection and resource management	<p>Consolidation of existing efficiency measures in a global resource efficiency program with the following goals:</p> <ul style="list-style-type: none"> ▪ Improved energy efficiency within the LANXESS Group ▪ Reduction of specific greenhouse gas emissions ▪ Establishment of a water management system at all sites in water-scarce areas 	2016	<p>The results achieved through the central LANXESS Energy Efficiency Program (LEEP) were adapted to a local approach and transferred to the business units.</p> <p>The Operational Eco Efficiency project, including the water management risk assessment, was launched at the end of 2015.</p>
	<p>Continued from prior years:</p> <ul style="list-style-type: none"> ▪ Reduction in specific CO₂ emissions by 10% per business segment through 2015 (base year: 2010) ▪ Reduction in specific energy consumption by 10% per business segment through 2015 (base year: 2010) ▪ Reduction in emissions of volatile organic compounds (VOC) by 30% through 2015 (base year: 2010) 	2015	See detailed description under "Mid-term emissions targets achieved"
Product stewardship	Compilation of life-cycle analyses for the most important key products (e.g. for all "green" products)	2016	The Product Stewardship project, which includes a risk-based assessment of the Group's portfolio, was initiated at the end of 2015.

New environmental protection and climate targets formulated for 2025

Environmental and climate protection continue to be a top priority at LANXESS. That is why, at the start of 2016, we set new long-term targets for CO₂ and VOC emissions and for reducing energy consumption. By 2025, we aim to cut our specific CO₂ and VOC emissions by 25% (base date: December 31, 2015). We also aim to reduce specific energy consumption by 25% through 2025. In the future, assessment will no longer be based on the performance of the reporting segments, but rather on that of LANXESS as a whole. This approach takes account of the company's changing structures.

HSEQ – 2016 targets

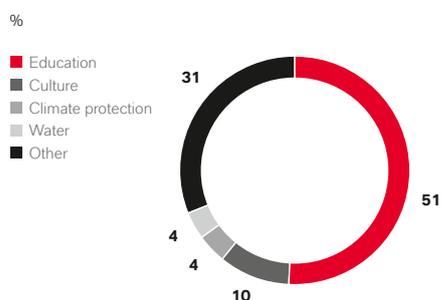
Subject Area	Program/Action	Target Date
Management of HSEQ-related risks	Continued from prior year: Development and introduction of a global HSEQ risk identification and evaluation process with the following objectives: <ul style="list-style-type: none"> ▪ Strengthen awareness of occupational safety ▪ Foster continuous improvements in support of LANXESS's "Xact" global safety program ▪ Reduction and prevention of <ul style="list-style-type: none"> – Incidents relating to plant and process safety – Environmental incidents and their impact – Transport incidents 	2020
Sustainable supplier management	Continued from prior year: Development and establishment of a new sustainability standard for our suppliers: <ul style="list-style-type: none"> ▪ Work on advancing the development of the sustainability standard for our suppliers in tandem with relevant industry initiatives, with the aim of further expanding a sustainable supply chain ▪ Support for the Together for Sustainability initiative, which aims to standardize and share sustainability assessments of suppliers in the same industry 	2020
Climate protection and resource management	Continued from prior year: Consolidation of existing efficiency measures in a global resource efficiency program with the following goals: Improved eco-efficiency within the LANXESS Group: <ul style="list-style-type: none"> ▪ Development of an integrated business strategy/operational eco-efficiency ▪ Further development of the LANXESS Climate Strategy ▪ Establishment of a water management system at all sites in water-scarce areas >> Transfer to the Operational Eco Efficiency project	2016
	New targets: <ul style="list-style-type: none"> ▪ Reduction in specific Scope 1 CO₂e emissions by 25% for the LANXESS Group through the end of 2025 (base date: December 31, 2015) ▪ Reduction in specific Scope 2 CO₂e emissions by 25% for the LANXESS Group through the end of 2025 (base date: December 31, 2015) ▪ Reduction in specific energy consumption by 25% for the LANXESS Group through the end of 2025 (base date: December 31, 2015) ▪ Reduction in emissions of volatile organic compounds (NMVOC) by 25% through the end of 2025 (base year: December 31, 2015) 	2025
Product stewardship	Life cycle assessment concept for key sustainability-relevant products >> Transfer to the Product Stewardship project	2016

Society

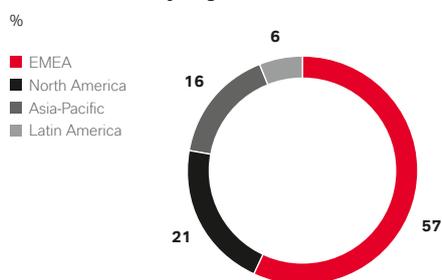
As a company, we draw numerous benefits from the society in which we operate – well-trained employees, satisfied customers, legal and political stability and a good infrastructure. We believe it is only right that, in line with the concept of corporate citizenship, we assume responsibility and thus contribute to the evolution of society.

We focus on four areas of activity: education, climate protection, water and culture. In 2015, we again initiated or supported a number of projects worldwide in these areas of activity. The regional focus of our activities in the reporting year was Europe, where more than half of all projects were implemented. Overall, more than 335,000 (2014: more than 218,000) mainly young people benefited from our projects, which we funded with some €2 million in 2015 (2014: some €0.9 million).

Social Activities by Topic ¹⁾



Social Activities by Region ¹⁾



1) Basis: 161 projects undertaken in 2015

The LANXESS education initiative – a global success story

We endeavor to encourage young people worldwide to develop a passion for chemistry at a young age, awaken their inventive spirit and make them aware of the diverse career opportunities that the LANXESS Group offers. Within the context of the LANXESS education initiative, we have established projects at many of our sites to pursue these objectives in varying ways.

We underscore our clear commitment to **Germany** as a business location and a base for the chemical industry not just through financial assistance for schools close to our sites but also through collaboration in the provision of scientific teaching materials. For instance, we have worked with an experienced partner specializing in education media to develop teaching materials on the subjects of mobility, globalization, urbanization and water for use in elementary schools. We distributed the materials to a total of 269 elementary schools throughout Germany. The “TuWaSi!” (Do Something!) project initiated by the Cologne Chamber of Commerce and Industry and supported by LANXESS also targets elementary school students with the aim of getting children interested in scientific and technical questions through play. We have provided a total of €90,000 in funding for middle and high schools close to our sites at Krefeld, Leverkusen, Dormagen, Brunsbüttel and Cologne. This has enabled these schools to implement projects in MINT subjects (mathematics, information technology, natural sciences and technology), for example on acids, photometry, computer-assisted measurement recording and the generation and storage of electricity.

In **Brazil**, we promote scientific knowledge and environmental awareness at our various sites through the “Green Cycle” competition, which gives participants the opportunity to develop their own environmental protection projects. LANXESS provides full funding for implementing the winning projects. Participants receive assistance from an agency that specializes in environmental projects. Since the competition began in 2010, we have successfully initiated 38 projects that have benefited more than 8,000 people. In addition, our employees in Brazil participate in Community Day once a year and spend the day providing practical assistance to facilities such as kindergartens, hospitals, schools and social centers.

The “Educar para Crecer” (Educate to Grow) initiative in **Argentina** aims to promote development in the Zárate region by supporting schools and not-for-profit organizations engaged in educational, social and environmental protection activities there. As part of this initiative, we provide funding for sustainable education projects and help those wishing to launch such projects by delivering the fundamental know-how they need. Since the initiative began in 2007, more than 40 projects have been implemented, directly or indirectly benefiting about 10,000 people. The “La Basura Sirve” (Waste is Useful) initiative launched in Zárate in 2012 also promotes responsible environmental practices. The program, which we conduct in collaboration with a group of schools, encourages the collection and sorting of inorganic household waste. The income from the sale of reusable materials to recycling companies is used by the participating schools to finance purchases.

In **China**, we collaborate with the Goethe Institute to offer the LANXESS-PASCH Dream Career Program. Each year, two students from the Goethe Institute’s partner schools complete a four-week internship with LANXESS. In Liyang, we provide support to particularly gifted or very committed school students. Each year, students from the three renowned universities we partner in Qingdao, Shaanxi and Changzhou can apply to LANXESS for a scholarship and internship.

In **Japan**, we have been working for a number of years with the aid organization Save the Children Japan. In August 2015, under the motto “Exciting Experiments,” our Japanese company arranged workshops at three schools in Miyagi Prefecture. In one of these workshops, participants made batteries from vegetables.

Each year, we support “Fun Chemistry World” in **South Korea**, an initiative organized by the South Korean Responsible Care Council in four different cities. Through a variety of experiments, LANXESS employees provide insights into the exciting world of chemistry for the more than 1,000 school students who regularly participate.

Since 2011, we have been the main sponsor of the “Rally to Read” initiative in **South Africa**, which aims to reduce the significant difference in reading and writing skills between students in rural areas and their counterparts in urban centers. Each year, we provide schools in remote areas with items such as teacher training guides, container libraries, writing materials, sports equipment, educational toys and school shoes. In 2015, twelve schools in the vicinity of our Rustenburg site benefited from these measures.

Our partnership with the Junior Achievement organization in the **United States** also fully reflects our commitment to corporate volunteering. LANXESS employees regularly visit schools in the Pittsburgh area to teach first- to fifth-grade classes basic aspects of economics, entrepreneurship and corporate responsibility. Another project which LANXESS has been supporting for some time is the Neighborhood Academy, which supports and mentors disadvantaged young people from Pittsburgh in preparing for their high school diploma examinations.

Since its launch, the LANXESS education initiative has reached tens of thousands of children, adolescents and young adults worldwide. Feedback from teachers, principals and school authorities shows that the initiative has significantly enhanced the importance of the MINT subjects in school timetables.

The LANXESS education initiative ←
has already reached tens of
thousands of children, adolescents
and young adults worldwide.

Committed to protecting the climate and water resources

A further focus of our corporate responsibility is enhancing awareness worldwide of the causes and consequences of climate change and water scarcity – for both drinking and industrial uses. In Brazil, we collaborated in 2015 with Valdemir Cunha, one of the country’s best-known landscape and nature photographers, to organize photography workshops for school students at five sites. Previously, Cunha had documented Brazilians’ day-to-day relationship with water in a book entitled *Água* (Water) that was sponsored by LANXESS. In China, to mark the publication of the Chinese government’s Water Action Plan, we initiated a new research competition in the reporting year. Students from five universities were asked to develop approaches for protecting water as a vital resource.

Promoting art and culture

We are convinced that successful scientific work and, ultimately, social progress can only flourish in a culture of thought, research and critical evaluation. As part of our cultural commitment, we therefore sponsor both literary and musical talents. We have been the main partner to lit.COLOGNE, Europe's biggest literature festival in Cologne, since 2010. Since 2013, we have also been partnering its sister event phil.COLOGNE, a top-class international philosophy festival.

The second mainstay of our cultural commitment is support for musical training, especially for young people. The Young Euro Classic initiative brings together talents from Germany and LANXESS's main markets around the world. LANXESS SNYO Classic sponsors an exchange and mentoring program for the Singapore National Youth Orchestra. In Japan, we support the Ozawa International Chamber Music Academy (OICMA), which enables talented young musicians from across Asia to receive a top-quality musical education. Furthermore, we are a partner to the "Kölner Philharmonie," one of Europe's premier cultural institutions. In addition to the "Acht Brücken" (Eight Bridges) contemporary music festival, we support initiatives such as a discounted concert subscription for university students.

Alleviating distress, creating opportunities

In 2015, more than one million refugees came to Germany to escape war and poverty in their countries of origin. We, like others, wish to make a helpful contribution to alleviating the immediate distress of these people and to providing them with opportunities for the future. We have therefore provided €400,000 to support selected refugee aid projects in Cologne, Leverkusen, Dormagen, Krefeld and Brunsbüttel. These funds will be used mainly to finance language teaching for children at schools as part of their preparatory classes and for adults at further education centers. We consider language skills to be the key to successful integration.

In addition, we are expressly fostering our employees' individual involvement. They can take paid leave for up to eight days to help established aid organizations in their work. And we are granting two days' leave for local or self-initiated aid projects. We also aim to provide career opportunities for people seeking refuge and – in light of demographic change – acquire well-trained employees for LANXESS at the same time. Therefore, as a first step, we have created twelve additional places on the one-year preparatory course prior to vocational training. In addition, we are organizing trial weeks to help with career choices. In the medium to long term, we intend to offer additional internships, vocational training places and jobs, some of which will be specifically tailored to refugees' particular needs. We are working closely with the responsible public agencies and, when the time comes, will offer assistance in assessing refugees' skills.