

QUALITY **SUSTAINS.**

**Corporate Responsibility
at LANXESS.**

QUALITY **WORKS.**

LANXESS
Energizing Chemistry

OUR RESPONSIBILITY FOR SUSTAINABILITY: OUR ACTIONS ARE GUIDED BY VALUES.

Sustainable, integrative thinking and acting supports our entrepreneurial goals in a variety of ways, be it through greater resource efficiency, good relationships with our stakeholders, raised risk awareness, or long-term advantageous cost structures. However, we also consider sustainability in a larger context. The quality of our company is not only manifested in our economic success.

It is also reflected in the social impact of our actions. Our corporate responsibility is to analyze our activities and draw conclusions for the greater good of the general public. Our facilities and branches must deliver sustainable benefits to the community. This principle is the **starting point** for our thoughts and actions.



SEVEN TOPICS ARE AT THE CORE OF OUR PATH TO MORE SUSTAINABILITY.

Sustainability is a strategic objective for LANXESS. Our ambition is to be a leading, stable, sustainable, and profitable company. We center our activities around seven key topics that are derived from this ambition. These seven topics are accompanied by concrete objectives that we have

formulated, and they all follow the same basic principle: we want our actions to enhance the value of our company while improving quality of life for present-day and future generations.

LANXESS: LEADING, STABLE, SUSTAINABLE AND PROFITABLE

Resilient
Sourcing

Safe and
Sustainable
Sites

Climate
Action and
Energy
Efficiency

Energized
Employees
and
Performing
Teams

Business-
driven
Innovation

Sustainable
Product
Portfolio

Valuing
Customer
Relations

Good Corporate Governance



RESILIENT SOURCING

LANXESS sets high standards worldwide for the procurement of raw materials, equipment, machinery, and services. As a founding member of the **“Together for Sustainability” initiative**, our aim is to **improve transparency and sustainability throughout our supply chain** and keep a constant check on suppliers to ensure they abide by uniform standards on **human rights, working conditions, occupational safety, environmental protection, and business integrity**. [More information >](#)



SAFE AND SUSTAINABLE SITES

Common standards for facility planning, construction, and operation ensure a **high level of safety across our locations**. Global regulations for dangerous goods and transportation safety ensure that **hazards are avoided to the greatest possible extent**. By **using raw materials and energy as efficiently as possible, we also keep waste to a minimum**. Also **within the sphere of our responsibility are efforts to conserve water resources** – especially at locations in water-stress areas. [More information >](#)



CLIMATE ACTION AND ENERGY EFFICIENCY

We want to do our part for the **Paris Agreement** – and have **lowered our greenhouse gas emissions (scope 1+2) by more than half since 2004**. Between now and 2030, we want to cut our emissions to around 1.6 million metric tons – 75 percent lower than in 2004, the year the company was founded. LANXESS is aiming to become carbon neutral by 2040. Emissions of **volatile organic compounds (VOC)** and specific **energy consumption** are expected to fall by 25 percent compared with 2015 levels by 2025. [More information >](#)



ENERGIZED EMPLOYEES AND PERFORMING TEAMS

Our company harnesses its strength from its employees. That is why **we invest in talented individuals** and experienced **skilled workers and managers**. We are a champion of employee development and are constantly expanding **training opportunities** – including by digital means. Our **fair and competitive remuneration** and our **bonus**

system are geared toward the long-term success of the company. We are progressively introducing **flexible working models** and helping our employees to **achieve a work-life balance** with childcare facilities and care models designed to ease the burden on employees. We want to continuously enhance **diversity** as a success factor with positive effects for both the company and its employees. [More information >](#)



BUSINESS-DRIVEN INNOVATION

By developing **innovative processes and products**, we are safeguarding the long-term success of LANXESS – and are also helping our customers to make their **businesses more sustainable**. Our innovations help, for example, to treat water, save energy, and promote electric mobility. We also contribute to the **High-Tech Gründerfonds seed fund**, which supports promising start-ups in robotics, energy, medical and biotechnology, and chemistry. [More information >](#)



SUSTAINABLE PRODUCT PORTFOLIO

Using a **system** that we specially developed, we systematically evaluate the **sustainability of all our products from a business, environmental, and social perspective**. By committing to the Responsible Care® Global Charter, LANXESS has pledged comprehensive **product responsibility with the aim of minimizing the negative impact of chemicals on public health and the environment**. [More information >](#)



VALUING CUSTOMER RELATIONS

The **satisfaction of our customers** is the foundation of our success. Regular surveys reveal how our work is rated in comparison with our peers. On the basis of feedback, we take steps to **further enhance our customer satisfaction**. We provide detailed information about our products, their applications as well as any potential risks. Critical feedback provides valuable pointers **that help us to further improve**. [More information >](#)



A SELECTION OF OUR OBJECTIVES ...

- **To promote diversity in the talent programs** at LANXESS, with minimum quotas of **30 percent female and 40 percent non-German** participants
- **To increase the proportion of women** in middle and senior management **to 20 percent** by 2020
- **To cut CO₂e emissions** by 75 percent compared with 2004 levels by 2030 and **be carbon neutral** by 2040

- To innovate on the basis of high customer loyalty – **customer loyalty index figure > 75 percent**
- **To increase energy efficiency by 40 percent** to < 1.24 (MWh/t) compared with 2015 as a base year
- To enact exacting and uniform standards: **Xact initiative** aiming to lower our accident rate per million working hours **by > 50 percent compared with 2016 by 2025**

...AND ACHIEVEMENTS.

- **Accident rate half** what it was in 2013
- Over ten years, “**LANXESS education initiative**” has **supported over 200** projects

- **Water abstraction and consumption** lowered **by over 20 percent since 2015**
- Listed in the **Dow Jones Sustainability Index (DJSI)** World nine times in a row

- **Top “A” rating** awarded by the international **climate protection organization CDP** (formerly known as the Carbon Disclosure Project)
- **Energy usage almost half what it was in 2015** (down 44 percent)

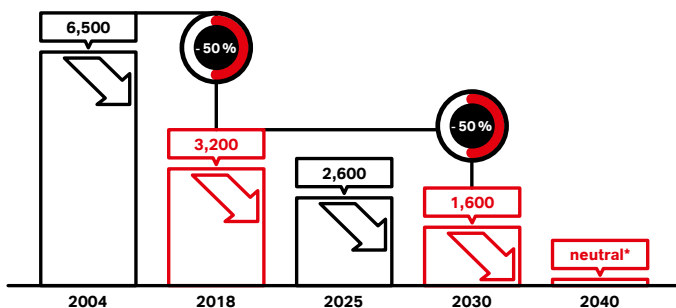
OUR AIM: LANXESS WANTS TO BECOME CLIMATE-NEUTRAL BY 2040.

Since our company was established in 2004, we have already met our own tough climate targets. We are following a clear strategy and have initiated the first major projects to achieve the new climate target "climate neutrality by 2040." The Paris Agreement's aim is to limit average global warming to below 2 °C in order to reduce the negative impact on people and the environment. The chemical industry is one of the most energy-intensive industries, but

it has made major progress in terms of energy efficiency since 1990. As reported by the German Chemical Industry Association (VCI), by 2017, production had increased by around 69 percent. By contrast, energy consumption had fallen by 14 percent and greenhouse gas emissions by a massive 48 percent. LANXESS has always set and achieved its own even more ambitious milestones.

HOW LANXESS IS BECOMING CLIMATE NEUTRAL – OUR MILESTONES

From its founding in 2004 right through to climate neutrality in 2040, LANXESS is undergoing a targeted transformation.



So far, the key to LANXESS' climate success has been primarily:

- > Reducing nitrous oxide emissions, which damage the environment, at the Krefeld-Uerdingen site
- > Producing and using energy in a highly efficient manner at international sites

LANXESS is committed to the United Nations climate target and is aware of its responsibility. Since the company was founded in 2004, we have cut our emissions by half – see chart. We are now taking the next step by pledging to become climate neutral by 2040.

Here is what this entails:

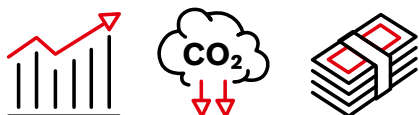
- > Drastically reducing emissions from company sources
- > Purchasing very low-carbon or climate-neutral energy
- > Reducing emissions from 3.2 million metric tons to under 300,000 metric tons by 2040
- > Neutralizing residual emissions using compensation measures

Emission of carbon dioxide equivalents in 1,000 metric tons, based on emissions from our own plants and processes and from purchased electricity, steam and district heating.
* Less than 300,000 tons of CO₂ equivalents: These will be reduced through compensation measures.

THE THREE CORNERSTONES OF OUR CLIMATE STRATEGY.

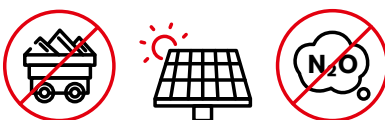
1. Decouple emissions and growth

With our strictly climate-friendly strategy, we are prioritizing long-term performance.



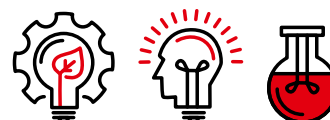
2. Major impact projects

We are prioritizing projects with the greatest reductions in CO₂.



3. Process and technology innovations

Many solutions already exist, and increasingly more will be made available.



1. All business units are responsible for climate targets.
2. Reducing CO₂ is a criterion for growth and acquisitions.
3. Reducing CO₂ is intended to be used as an assessment criterion for management remuneration.

1. Driving forward the phase-out of coal at chemical parks.
2. Switching the Indian sites Nagda and Jhagadia over to renewable energy.
3. Gradually neutralizing the greenhouse gas N₂O (nitrous oxide) at the Antwerp site starting in 2020.

1. Chemical facilities are working together even more intensively, which saves resources.
2. LANXESS is turning the focus of its research toward climate-neutral innovations.
3. LANXESS is using climate-friendly production technologies across its sites.

LANXESS IS IMPLEMENTING MAJOR CLIMATE PROJECTS – STARTING IN BELGIUM.

Reducing gases that are harmful to the environment and developing additional innovations both help to improve our climate footprint over the long term.

Neutralizing harmful nitrous oxide

Nitrous oxide is created as a by-product in the production of plastics intermediates. Nitrous oxide can be fully neutralized by applying high temperatures. The heat produced by nitrous oxide reduction is used for production processes. A nitrous oxide reduction facility is currently being built at the Antwerp site. From 2021, the facility is expected to reduce CO₂ equivalents by 150,000 metric tons.

Coal-free energy supply

LANXESS is planning to have a coal-free energy supply in the future. We are starting this process at our Indian locations Jhagadia and Nagda. From 2024, we will cut CO₂ equivalents by 150,000 metric tons a year.

Strengthening process and technological innovations

LANXESS is revising many of its existing production processes in order to become climate neutral by 2040. For example, the company will continue to improve its integrated production network structures, including heat exchange between plants and air purification.

OUR RESPONSIBILITY, OUR ADDED VALUE **FOR SOCIETY.**

LANXESS sees itself as a part of wider society – we have just as much of an obligation to ensure society’s success as we do our own. We want our activities to make a contribution to the progress and prosperity, peace, and sustainability of the global community.

Therefore, we not only measure our success in terms of profitability, but also with regard to how society benefits from our efforts. Using comprehensive assessments, we go further than many other companies and disclose the social impact of our products and initiatives.

SUSTAINABLE DEVELOPMENT GOALS





OUR COMMITMENT TO THE AGENDA OF THE GLOBAL COMMUNITY.

At the 2015 United Nations Sustainable Development Summit, 193 countries adopted the “Agenda 2030”. It features a set of Sustainable Development Goals, which set out the vision for the future of our Earth. Not just politicians, but all members of society will need to play a part in meeting the goals that have been set. LANXESS is also making numerous contributions to these goals.

At our sites, we have instigated the LANXESS education initiative to promote the development of children, teenagers, and young adults across all our production facilities. All over the world, we want to foster schoolchildren’s interest in natural sciences and offer them career prospects.

LANXESS high-performance plastics can reduce the weight and fuel consumption of vehicles and can also be used in electric mobility systems.

Our products also do their part to safeguard the global water supply on a number of different levels, for example by converting salt in drinking water or by filtering harmful substances out of fresh water.

Through targeted energy efficiency management, we are improving not just our emissions footprint, but also our bottom line and ultimately our competitiveness.

The use of raw materials and energy in as efficient a manner as possible, the continuous reduction of emissions and waste, and our innovative technical solutions all make an active contribution to climate protection.

THE BIG PICTURE.

Our financial results do not paint an sufficient picture of the impact that our business activities have on society. That is why we regularly conduct a comprehensive impact valuation of our activities. This valuation uses scientific methods to determine the economic, ecological, and social

impact of our business activities. In addition, our product portfolio is assessed every year on the basis of sustainability criteria, and the results are regularly reviewed by an internal committee of experts. This allows us to make the decisions that are necessary to create greater benefit for society.



OUR OBLIGATIONS, OUR MISSION, OUR ACCOLADES.



Responsible Care – ein Beitrag zur Nachhaltigkeitsinitiative Chemie³



You will find more information about corporate responsibility at LANXESS on our website:
www.lanxess.com



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