

# 2023

Compensation Report

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# Compensation Report 2023

This compensation report complies with the statutory requirements under Section 162 of the German Stock Corporation Act (AktG) as well as the reporting principles of the German Corporate Governance Code (GCGC) in the version of April 28, 2022. The compensation report describes and explains in detail the compensation system for the Board of Management and Supervisory Board of LANXESS AG and the compensation of the individual current and former members of the Board of Management and Supervisory Board for fiscal year 2023. For LANXESS, transparent and understandable reporting is a key element of good corporate governance. In addition to the requirements of Section 162 Paragraph 3 Sentences 1 and 2 AktG, the content of the report is also audited by the auditor. In accordance with Section 120a AktG, the compensation report on the compensation granted and owed to each individual member of the Board of Management and Supervisory Board of LANXESS AG in fiscal year 2022 was approved at the Annual Stockholders' Meeting on May 24, 2023, by a majority of 90.48%. Because of the high level of approval for the application of the compensation system in fiscal year 2022, the structure of the compensation report approved in 2023 has essentially been retained for this 2023 compensation report. For even greater transparency, this compensation report for fiscal year 2023 adds prior-year figures to the tables presenting target compensation, maximum compensation, and compensation granted and owed. In addition, absolute values have been added to the comparison at the end of the report.

## COMPENSATION OF THE BOARD OF MANAGEMENT

### Composition of the Board of Management

The composition of the Board of Management changed as follows in fiscal year 2023: At its meeting on November 8, 2022, the Supervisory Board appointed Frederique van Baarle as a member of the Board of Management of LANXESS AG and Labor Director for a period of three years from April 1, 2023. In addition to the Human Resources Group function, Frederique van Baarle has been responsible for the Americas region since October 1, 2023. Due to her assumption of responsibilities and duties for the Americas region, which involved relocation to the U.S., the U.S. subsidiary LANXESS Corporation has paid 80% of her annual base salary and variable compensation components and provided the budget for the use of a company car since September 1, 2023. The remaining 20% of her annual base salary and variable compensation components and her other non-cash benefits continue to be paid by LANXESS AG. Frederique van Baarle is compensated in line with the compensation system in effect for LANXESS.

At the meeting of the LANXESS AG Supervisory Board on August 3, 2023, Oliver Stratmann was appointed as a member of the Board of Management for a period of three years from September 1, 2023. As the new Chief Financial Officer, he succeeded Michael Pontzen, who stepped down as of August 31, 2023.

Furthermore, the appointments of Dr. Hubert Fink and Matthias Zachert were extended for another three and five years, respectively. On December 9, 2022, the LANXESS AG Supervisory Board passed a resolution to re-appoint Dr. Hubert Fink as a member of the Board of Management with effect from October 1, 2023. On May 9, 2023, the Supervisory Board also re-appointed Matthias Zachert as a member and as Chairman of the Board of Management with effect from April 1, 2024.

Dr. Anno Borkowsky left the Board of Management as planned and retired on December 31, 2023. There are currently no plans to appoint a successor. His responsibilities have been assumed by the remaining Board of Management members.

## Principles and Objectives of the Board of Management Compensation System

In fiscal year 2020, the Supervisory Board revised the compensation system for the members of the Board of Management on the basis of the Second Shareholder Rights Directive Implementation Act (ARUG II) and the version of the GCGC dated December 16, 2019, which was applicable at the time. Taking particular account of LANXESS's sustainable and strategic alignment, significant changes were implemented here. In particular, both the short-term variable compensation and the long-term variable compensation are based on two measurable performance criteria that are aligned with the sustainable corporate strategy. In addition, the proportions of short-term and long-term variable compensation have been determined such that the long-term compensation components outweigh the short-term ones. The revised compensation system for the Board of Management, which has been in effect since January 1, 2021, was approved by the Annual Stockholders' Meeting of LANXESS AG on May 19, 2021, with a majority of 94.22% of the valid votes cast.

The compensation system now applies to all serving Board of Management members who have been (re-) appointed since January 1, 2021, in accordance with the employment contracts concluded. The promised compensation and the previously agreed weighting of the individual compensation elements for Matthias Zachert, Michael Pontzen and Dr. Hubert Fink deviated or will deviate from the regulations of the compensation system and recommendation G.6 of the GCGC until the effective date

of the above re-appointments. Furthermore, a temporary adjustment has been made to the current compensation system with regard to contributions to the pension plan. This adjustment is explained in more detail in the "Process for Determining and Reviewing the Board of Management Compensation" section.

The compensation system for the Board of Management is geared toward compensating the Board of Management members appropriately in line with their tasks and responsibilities and taking account of the performance of each individual Board of Management member and the company's success. The aim of the compensation system is to support successful and sustainable corporate governance. LANXESS's compensation structure is therefore designed to provide the motivation to successfully work toward sustainable corporate development and the achievement of strategic corporate goals as well as for long-term value creation for our stockholders. Both of the long-term variable components are based on corporate performance over several years, and thus create long-term incentives. Because one of these long-term compensation components measures stock price development compared with an index, the management's objectives are aligned with the direct interests of the stockholders. In designing the Board of Management compensation, it is also important to the Supervisory Board to ensure that this is generally in line with the compensation system for senior executives, so as to ensure a uniform incentive effect within the LANXESS management.

## Process for Determining and Reviewing the Board of Management Compensation

In accordance with Section 87a AktG, the Supervisory Board resolves on a clear and comprehensible compensation system for the members of the Board of Management. The Supervisory Board resolutions on the compensation system are prepared by the Presidial Committee of the Supervisory Board. The Presidial Committee also prepares the Supervisory Board's regular review of the system and the amount of compensation for the Board of Management members as well as other personnel decisions to be made by the Supervisory Board. If necessary, it advises the Supervisory Board to make changes to the system. The Chairman of the Presidial Committee is Dr. Matthias L. Wolfgruber. The other members of the Presidial Committee are Birgit Bierther, Manuela Strauch, Ralf Sikorski, Hans van Bylen and Dr. Rainier van Roessel.

In accordance with Section 120a Paragraph 1 Sentence 1 AktG, the Supervisory Board presents the compensation system that it has resolved to the Annual Stockholders' Meeting for approval each time a significant change is made, or at least every four years. If the Annual Stockholders' Meeting does not approve the Board of Management compensation system put to the vote, then a revised system is presented for approval at the following Annual Stockholders' Meeting at the latest. As scheduled, the Board of Management compensation system in effect in 2025 will be presented to the Annual Stockholders' Meeting for approval in that year.

The appropriateness of the compensation is regularly reviewed by the Supervisory Board. In doing so, it uses an independent external personnel consultancy. Such a review was last conducted in October 2021 and will be conducted again in fiscal year 2024. In this review, the compensation of the Board of Management was compared with that of the companies listed in the MDAX and with that of selected chemical peer companies<sup>1)</sup>. These companies were selected by the Supervisory Board on the basis of their comparability with regard to business model, sales, market capitalization, total assets and headcount. Criteria for determining the appropriateness of the compensation for an individual Board of Management member are, in particular, his duties, his personal performance, the economic situation, and the success and sustainable growth of the LANXESS Group. In addition, consideration is also given to compensation at comparable companies and the company's overall compensation structure with regard to the ratio between the compensation of the Board of Management and that of LANXESS's senior executives and the rest of the workforce, both overall and in terms of time. The review of the Board of Management compensation structure showed that it is fundamentally designed appropriately.

In accordance with Section 87a Paragraph 2 Sentence 2 AktG, the Supervisory Board may temporarily deviate from the compensation system if this is necessary in the interests of the company's long-term wellbeing and if it specifies the compensation system, the deviation process and the components of the compensation system from which it deviates. The process for such a deviation requires an explicit Supervisory Board resolution that

describes specifically and in an appropriate form the duration of the deviation and the deviation as such, as well as the reason for it. In fiscal year 2023, the Supervisory Board only exercised the option to deviate from the compensation system in the case of one provision in the employment contract of the new CFO Oliver Stratmann. In a carefully considered decision in the company's interest, the pension to be paid by LANXESS for Oliver Stratmann has been halved to 25% of the annual base salary in deviation from the provisions of the compensation system for an ordinary Board of Management member. The plan is to apply this halved company pension contribution to all further (re-)appointments during the remaining term of the current compensation system and to incorporate it into the future compensation system to be presented to the Annual Stockholders' Meeting in 2025.

### Overview of Compensation Components

Since January 1, 2021, the compensation system has included the components described in the following overview. The compensation system also still includes a clawback clause and a share ownership obligation that requires the Board of Management members to invest a defined proportion of their compensation in shares and to hold these shares for the duration of their Board of Management mandate ("Share Ownership Guideline"). In addition, the compensation system still comprises a temporary right to extraordinary termination in the event of a change of control with a limited severance regulation. The overview also shows the relative proportions of the individual compensation components within the total target compensation of the Board of Management members.

In addition to the fixed compensation, the components of compensation for Board of Management members comprise short-term and long-term variable compensation components. The two variable compensation components for the Board of Management – the Annual Performance Payment (APP) and the Long-Term Incentive (LTI) – are linked to LANXESS's annual performance and performance over a number of years and thus reward the sustainable, value-oriented development of the company. The short-term variable compensation component APP includes a financial and a non-financial performance criterion. The long-term variable compensation component LTI consists of the Long-Term Stock Performance Plan (LTSP) and the Sustainability Performance Plan (SPP). The proportions of short-term and long-term variable compensation are designed such that the long-term compensation components outweigh the short-term ones.

In line with the exception outlined in the "Principles and Objectives of the Board of Management Compensation System" section above, the proportions of the individual compensation components will deviate from the regulations of the compensation system in force since January 1, 2021, until the re-appointments take effect. In addition, a tranche (2021–2023 tranche) of the long-term variable compensation program LTPB, which has been replaced by the SPP in accordance with the compensation system, was committed for the last time for fiscal year 2021.

<sup>1)</sup> The reference group consisted of the following companies: AkzoNobel, Beiersdorf, Clariant, Covestro, Royal DSM, Evonik, Henkel, K+S, Linde, Lonza, Merck, Solvay, Symrise, Wacker Chemie

**Overview of the Board of Management Compensation System and the Compensation Structure**

Compensation components			Weighted	Shares of total target compensation		Share of the annual base salary (target)		Maximum payment	Other components of the compensation system	
				Chairman of the Board of Management	Ordinary Board of Management member	Chairman of the Board of Management	Ordinary Board of Management member			
Variable	Long-term	Long-Term Stock Performance Plan (LTSP)	60%	40%	37%	82,5%	69%	200%	CoC <sup>2)</sup>	Claw-back
		Long Term Incentive (LTI)								
	Short-term	Sustainability Performance Plan (SPP)	40%			55%	46%	200%		
		Annual Performance Payment (APP)								
Fixed	Fixed compensation	Financial target (e.g. EBITDApre)	80%	30%	30%	100%	90%	200%	SOG <sup>3)</sup>	
		Non-financial target (e.g. LTIFR)	20%							
		Annual base salary		30%	33%					100%
		Non-cash benefits				15%	56,25%	15%	50% <sup>1)</sup>	
		Retirement pensions								

1) Reduction to 25% on the appointment of Oliver Stratmann to the Board of Management.

2) Change of Control.

3) Share Ownership Guideline.

**Compensation of the Board of Management in Fiscal Year 2023**

**Fixed compensation components**

The non-performance-related fixed compensation components include the annual base salary, the company pension plan and non-cash benefits, the latter consisting mainly of the tax value of perquisites, such as the use of a company car. The annual base salary of the members of the Board of Management is market-oriented, in line with the above-mentioned reference group, and also takes responsibilities and functions into account. It is paid each month in twelve equal parts as a salary. In

response to persistently weak demand in the chemical industry, the extremely strained energy price situation and the resultant weak earnings development for the LANXESS Group, all Board of Management members serving in fiscal year 2023 decided to voluntarily waive 25% of their annual base salary for 2023 from July 1, 2023, as part of the FORWARD! action plan for the prompt stabilization of earnings. Accordingly, the annual base salary in fiscal year 2023 amounted to €1,225 thousand for the Chairman of the Board of Management, Matthias Zachert, €481 thousand for Dr. Anno Borkowsky, and €569 thousand for Dr. Hubert Fink. Due to his departure from the Board of Management

as of August 31, 2023, the pro rata compensation for Michael Pontzen amounted to €406 thousand. The pro rata annual base salary since joining the Board of Management amounted to €281 thousand for Frederique van Baarle, who joined as of April 1, 2023, and €113 thousand for Oliver Stratmann, a member since September 1, 2023. For the Board of Management members, non-cash benefits are capped at 15% of their contractually agreed individual annual base salary.

### Short-term variable compensation

The Board of Management's APP considers two measurable performance criteria:

- › a financial performance criterion constituting 80% of the individual APP and
- › a non-financial performance criterion constituting 20% of the individual APP.

The target and threshold values and the payment curves for the Board of Management's APP are set uniformly for all members of the Board of Management by the Supervisory Board annually before the start of each new fiscal year and also apply to the level below the Board of Management. Subsequent adjustments are not permitted. There is no payment of a minimum amount; if target attainment falls short of a threshold value, no APP payment is made. The maximum APP payout percentage is 200%.

For the Board of Management and managers at the level below the Board of Management, the APP payout percentage refers to the individual underlying APP percentage. For ordinary Board of Management members, 100% target attainment corresponds to 100% of the annual base salary. When a (re-)appointment of an ordinary Board of Management member takes effect, this amounts to 90% of the annual base salary in line with the weighting of short-term and long-term compensation in accordance with the compensation system. For the Chairman of the Board of Management, 100% target attainment currently corresponds to 125% of the annual base salary. From April 1, 2024, when

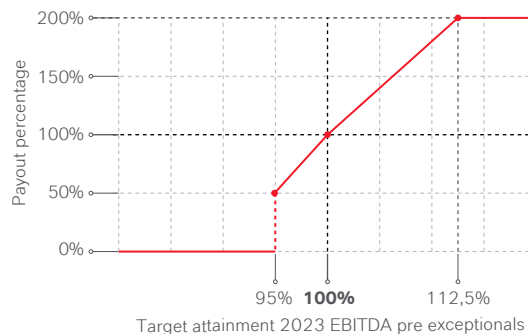
Matthias Zachert will be re-appointed as Chairman of the Board of Management, it will correspond to 100% of the annual base salary.

The **financial performance criterion** for the short-term variable compensation, the APP, is currently the LANXESS Group's key performance indicator, EBITDA (operating earnings before depreciation, amortization, write-downs and reversals) pre exceptionals ("EBITDA pre"). EBITDA pre exceptionals is the most important financial indicator for LANXESS and is used to judge every operational decision or achievement. 100% target attainment is achieved in the event of a certain EBITDA pre exceptionals defined by the Supervisory Board before the start of the fiscal year. The payment curve plots a straight line between this target and the

upper or lower limit. Achievement of the financial target set by the Supervisory Board of €950 million for fiscal year 2023 corresponds to a payout percentage of 100% for the financial performance criterion. If the LANXESS Group's EBITDA pre exceptionals is at least 12.5% higher than the financial target, the payout percentage equals the upper limit of 200% of the APP of the Board of Management for the financial performance criterion. If EBITDA pre exceptionals is more than 5% lower than the financial target, the payout percentage falls from 50% to 0%. This also applies to the variable short-term compensation of non-managerial and managerial staff.

For fiscal year 2023, the following target attainment and payment curve apply to the financial performance criterion of the APP:

**APP: Target Attainment and Payment Curve for the Financial Performance Criterion EBITDA pre**



EBITDApre	Target attainment	Payout percentage
€1,069 million	112.5%	200%
<b>(Target)</b>		
<b>€950 million</b>	<b>100%</b>	<b>100%</b>
€903 million	95%	50%
< €903 million	< 95%	0%

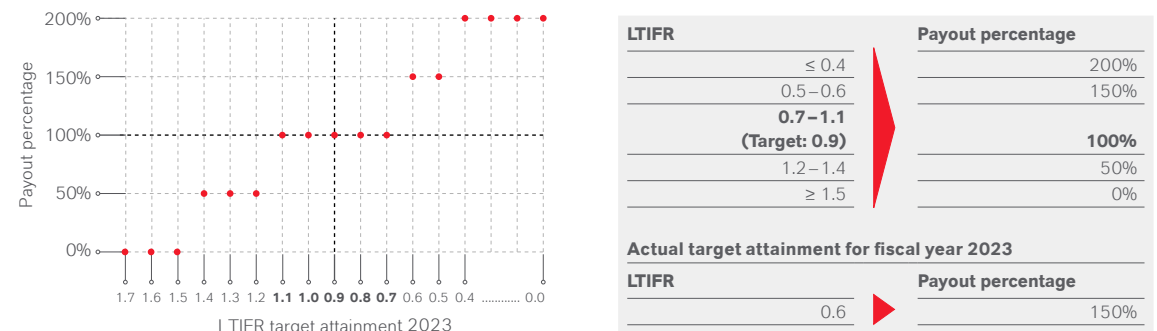
  

Actual target attainment for fiscal year 2023		
EBITDA pre	Target attainment	Payout percentage
€512 million	< 95%	0%

The **non-financial performance criterion** is currently the lost time injury frequency rate (LTIFR: accidents per million hours worked) for accidents with days lost. This reflects the high importance of employee and site safety for LANXESS. The payment curve for the LTIFR, which is reported to one decimal place, takes a tiered approach in order to maintain the existing positive incident reporting culture. In fiscal year 2023, an LTIFR of between 0.7 and 1.1 equates to 100% target attainment and results in a payout percentage of 100% for the non-financial performance criterion. If the LTIFR is 0.5 or 0.6, this equates to a payout percentage of 150%; if the LTIFR is 0.4 or lower, this equates to a payout percentage of 200% of the Board of Management's APP for the non-financial performance criterion. If the LTIFR is 1.4 or higher, the payout percentage falls to 0%. The long-term goal is to avoid any accidents. The target set for 2023 was therefore lowered by a further 0.4 points as against the previous year and, compared with other companies in the chemical industry and in view of the past trend at LANXESS, is again a challenge.

For fiscal year 2023, the target attainment and payment curve presented and explained below apply to the non-financial performance criterion of the APP:

**APP: Target Attainment and Payment Curve for the Non-financial Performance Criterion LTIFR**



Within the APP, there is the option to grant an ad hoc discretionary bonus. This serves to recognize special achievements or to create an additional incentive and can be granted only as part the Board of Management's APP. It is capped at 20% of the annual base salary. The discretionary bonus can be used only in exceptional cases and requires a transparent justification from the Supervisory Board. As in the previous years, no discretionary bonus was paid in fiscal year 2023.

The maximum target attainment for the Board of Management's APP (including the discretionary bonus) is capped at 200%.

The Supervisory Board still reserves the right to reduce the APP in the event of serious occupational safety and/or environmental problems.

**Long-term variable compensation**

The Board of Management is called upon to show long-term commitment to the company and to promote and achieve sustainability. This means making efficient use of the capital provided by stockholders and investors. LANXESS sees its strong focus on sustainability as an important aspect of its own competitiveness, not least because sustainability in its various facets is increasingly demanded by customers and consumers, as well as by our employees and investors. Sustainability is an important element of our strategy that is also reflected in the compensation system.



The LTI also consists of two components, which are paid out in cash and each consider one measurable performance criterion:

- › the Long-Term Stock Performance Plan (LTSP), which is based on the stock price performance, and
- › the Sustainability Performance Plan (SPP), which is measured based on a sustainability criterion.

With 100% target attainment each, the proportion of the LTSP comes to 60% and that of the SPP to 40% of the individual LTI.

The stock-based LTSP is based on the performance of LANXESS stock against a reference index, currently the FTSEurofirst 300 Eurozone Chemicals Index, which was used for the first time as a basis for the LTSP 2022–2025 established in 2022. The FTSEurofirst 300 Eurozone Chemicals Index currently provides the best reflection of the LANXESS Group’s economic environment. The LTSP 2018–2021 used the MSCI World Chemicals Index as a reference index. The LTSP 2018–2021 in place until 2021 and the LTSP 2022–2025 in place since 2022 are both divided into four tranches, whereby performance is determined annually and the payout percentage is calculated at the end of the respective four-year term of the tranche according to the average performance on the basis of the annual individual values. At the end of the term of the tranche, corresponding compensation is granted using this payout percentage. This is paid out in the subsequent fiscal year.

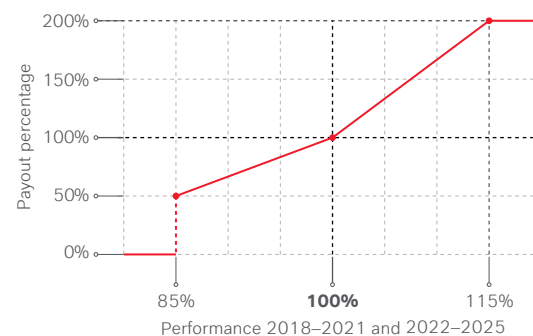
The LTSP 2014–2017 program required a prior personal investment each year in LANXESS AG shares of 5% of the annual base salary. These shares had a lock-up period of four years. The three-year exercise period ended on January 31, 2024.

In the case of 100% performance, the LTSP programs provide for a possible payment per tranche of 60% of the annual base salary for the ordinary members of the Board of Management and 67.5% of the annual base salary for the Chairman of the Board of Management. When a (re-)appointment of ordinary Board of Management members takes effect, this amounts to 69% of the annual base salary in line with the weighting of short-term and long-term compensation in accordance with the compensation system. For the Chairman of the Board of Management, 100% target attainment will correspond to 82.5% of the annual base salary from April 1, 2024, when Matthias Zachert will be re-appointed as Chairman of the Board of Management. The payment curve plots a

straight line between the target and the upper or lower limit. Given an average outperformance of at least 115% by the stock relative to the reference index, the payout percentage would come to 200%. For the Chairman of the Board of Management, the maximum payment thus amounts to 135% of the annual base salary. For ordinary members of the Board of Management, it amounts to 120%, or 138% when a (re-)appointment takes effect. The Supervisory Board reserves the right to reduce the payment if the stock performance relative to the reference index is less than 100%, and the payment must be canceled if it is less than 85%. Like in the APP, the steeper gradient of the payment curve if the 100% target is exceeded provides an additional financial incentive to exceed the target.

For the LTSP 2018–2021 and LTSP 2022–2025 programs, the performance and payment curve presented and explained below apply to the financial performance criterion of the LTI:

**LTI: Performance and Payment Curve for the Financial Performance Criterion of the LTSP**



Performance	Payout percentage	Value of right
115%	200%	€2.00
<b>(Target) 100%</b>	<b>100%</b>	<b>€1.00</b>
85%	50%	€0.50
< 85%	0%	€0

**Actual target attainment for the 2020 tranche**

Performance	Payout percentage	Value of right
77.2%	0%	€0

The development of the number of outstanding rights in stock-based compensation for fiscal year 2023 is shown in the following table:

**Development of the Number of Outstanding Rights in Stock-Based Compensation**

		LTSP	LTSP	LTSP			Total
		2014(2017)	2018(2021)	2022(2025)			
		2017 tranche	2020 tranche	2021 tranche	2022 tranche	2023 tranche	
<b>number of rights</b>	Vesting periods	Feb. 1, 2017– Jan. 31, 2021	Jan. 1, 2020– Dec. 31, 2023	Jan. 1, 2021– Dec. 31, 2024	Jan. 1, 2022– Dec. 31, 2025	Jan. 1, 2023– Dec. 31, 2026	
	Exercise period/ date	Feb. 1, 2021– Jan. 31, 2024	Feb. 1, 2024	Feb. 1, 2025	Feb. 1, 2026	Feb. 1, 2027	
	Outstanding rights as of January 1, 2023	810,000	911,250	911,250	945,000		3,577,500
Matthias Zachert	Allocated					945,000	945,000
	Forfeited		911,250				911,250
	Outstanding rights as of December 31, 2023	810,000	0	911,250	945,000	945,000	3,611,250
Frederique van Baarle (since April 1, 2023)	Outstanding rights as of January 1, 2023						0
	Allocated					233,938	233,938
	Outstanding rights as of December 31, 2023					233,938	233,938
Dr. Anno Borkowsky (until December 31, 2023)	Outstanding rights as of January 1, 2023		300,000	300,000	359,022		959,022
	Allocated					379,500	379,500
	Forfeited		300,000				300,000
	Outstanding rights as of December 31, 2023			300,000	359,022	379,500	1,038,522
Dr. Hubert Fink	Outstanding rights as of January 1, 2023	270,000	360,000	360,000	390,000		1,380,000
	Allocated					404,745	404,745
	Forfeited		360,000				360,000
	Outstanding rights as of December 31, 2023	270,000	0	360,000	390,000	404,745	1,424,745
Michael Pontzen (until August 31, 2023)	Outstanding rights as of January 1, 2023	270,000	360,000	360,000	390,000		1,380,000
	Allocated					434,075	434,075
	Forfeited		360,000				360,000
	Outstanding rights as of December 31, 2023	270,000	0	360,000	390,000	434,075	1,454,075
Oliver Stratmann (since September 1, 2023)	Outstanding rights as of January 1, 2023						0
	Allocated					103,784	103,784
	Outstanding rights as of December 31, 2023					103,784	103,784
<b>Former Board of Management member</b>							
Dr. Rainier van Roessel (until December 31, 2019)	Outstanding rights as of January 1, 2023	390,000					390,000
	Outstanding rights as of December 31, 2023	390,000					390,000

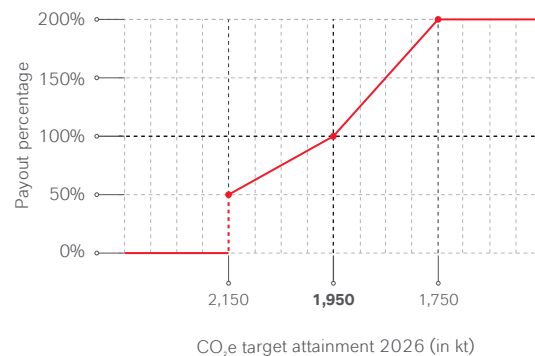
Only rights that have been allocated to the members of the Board of Management in connection with their service on the Board of Management are shown here. Accordingly, the rights from the 2023 tranche are reported on a pro rata basis for Frederique van Baarle and Oliver Stratmann based on the date on which they commenced Board of Management service during fiscal year 2023.

The **SPP** considers the long-term development of non-financial sustainability criteria. The assessment period for these criteria is also four years. On the basis of LANXESS's published interim goal for 2025, the Supervisory Board set a target for the reduction of CO<sub>2</sub>e emissions from internal processes and from purchased energy (Scope 1 and 2) in the Group for the first time for 2024, which is included in the SPP as a performance criterion. The amount of CO<sub>2</sub>e emissions was also defined as a measure of target attainment for 2025 and 2026. In subsequent years, a different performance criterion can be selected to reflect the company's current focus. This mechanism is intended to allow different facets of sustainability to be emphasized.

For the members of the Board of Management, 100% target attainment of the sustainability criterion corresponds to a payout of 45% of the annual base salary. In line with the weighting of short-term and long-term compensation in accordance with the compensation system, the payment for ordinary Board of Management members increases to 46% of the annual base salary when a (re-)appointment takes effect. For the Chairman of the Board of Management, the payout will increase to 55% of the annual base salary from April 1, 2024, when Matthias Zachert will be re-appointed as Chairman of the Board of Management. In the case of CO<sub>2</sub>e emissions of 1,750 kt or lower in 2026, the payout percentage is 200%. The maximum payment thus comes to 90%, or 92% when a (re-)appointment of an ordinary Board of Management member takes effect, of the annual base salary. If CO<sub>2</sub>e emissions exceed 2,150 kt in 2026, there is no payout.

For the 2023–2026 assessment period, the target attainment and payment curve presented and explained below apply to the financial performance criterion of the LTI:

**LTI: Target Attainment and Payment Curve for the Non-financial Performance Criterion of the SPP**



CO <sub>2</sub> e-Emission 2026 in kt	Payout percentage
≤ 1,750	200%
<b>(Target) 1,950</b>	<b>100%</b>
2,150	50%
> 2,150	0%

**Actual target attainment 2023(2026)**

CO <sub>2</sub> e-Emission in kt	Payout percentage
Determination of target attainment at the end of 2026	

In the case of M&A transactions, the target values are adjusted by the CO<sub>2</sub>e values of the target.

The payment curves for the LTSP and SPP plot a straight line between the target value of 100% and the lower or upper limit (0% and 200%). Like in the LTSP, the steeper gradient of the payment curve if the 100% target is exceeded provides an additional financial incentive to exceed the target. On achievement of the minimum value, the payout percentage amounts to 50%.

Performance criteria, target values and payment curves for the long-term variable compensation components are defined by the Supervisory Board annually before the start of the fiscal year. Subsequent adjustments are

permitted only in the case of the CO<sub>2</sub>e targets to take M&A transactions into account.

The **Long-Term Performance Bonus (LTPB)**, which formed part of the previous compensation system applicable until December 31, 2020, as a long-term variable compensation component, ended as of December 31, 2023. The last tranche of the LTPB (2021–2023 tranche) was allocated in fiscal year 2021 and will be paid out in fiscal year 2024. For this tranche, the compensation for the performance achieved in full in 2023 was granted in the reporting

year, as this gave rise to a partial entitlement that cannot be revoked. The amount granted is equivalent to 45%, or 46% when a (re-)appointment of an ordinary Board of Management member takes effect, of the annual base salary applicable at the end of the reporting year, applying the APP target attainment in 2023.

Due to its long-term nature, the LTPB also considers sustainable corporate development. At the end of the three-year term of the tranches, the exact amount of the LTPB results one-third each from the respective APP target attainment in the three fiscal years. After the end of the three-year term, it is paid out in the following year, applying the annual base salary applicable at the end of the term.

**Target compensation of Board of Management members in office in fiscal year 2023**

The table below shows the individual target compensation promised to the Board of Management members for fiscal year 2023 and the previous year in the case of 100% target attainment. It also includes non-cash benefits and contributions to the company pension plan. The promised non-cash benefits are stated at their maximum value.

**Target Compensation**

€ thousand	Fixed compensation components				Variable compensation components			Total compensation
		Annual base salary	Non-cash benefits	Pension contributions	Short-term	Long-term		
					APP <sup>1)</sup>	SPP <sup>2)</sup>	LTSP <sup>3)</sup>	
Matthias Zachert	2023	1,400	210	788	1,750	630	945	5,723
	2022	1,400	210	788	1,750	630	945	5,723
Frederique van Baarle (since April 1, 2023)	2023	338	51	168	305	194	234	1,290
	2022	–	–	–	–	–	–	–
Dr. Anno Borkowsky <sup>4)</sup> (until December 31, 2023)	2023	550	82	275	495	253	380	2,035
	2022	550	82	275	518	251	359	2,035
Dr. Hubert Fink <sup>4)</sup>	2023	650	98	325	633	294	405	2,405
	2022	650	98	325	650	292	390	2,405
Michael Pontzen <sup>4)</sup> (until August 31, 2023)	2023	650	98	325	601	297	434	2,405
	2022	650	98	325	650	292	390	2,405
Oliver Stratmann (since September 1, 2023)	2023	150	23	37	135	173	104	622
	2022	–	–	–	–	–	–	–

1) The APP for fiscal year 2023 was granted for 2023, and the APP for fiscal year 2022 was granted for 2022.  
 2) The SPP 2023(2026) (2023 tranche) was granted for 2023, and the SPP 2022(2025) (2022 tranche) was granted for 2022.  
 3) The LTSP 2022(2025) (2023 tranche), vesting period 2023(2026), was granted for 2023, and the LTSP 2022(2025) (2022 tranche), vesting period 2022(2025), was granted for 2022.  
 4) Including the new service contracts that took effect as of April 1, 2023, for Michael Pontzen and as of October 1, 2023, for Dr. Hubert Fink. The new service contract for Dr. Anno Borkowsky had already taken effect as of June 1, 2022.

The members of the Board of Management were promised an LTPB tranche for the last time (2021–2023 tranche) under the old compensation system. The target compensation for this corresponds to that of the SPP. Payments from the LTPB tranche are based on target

achievement in 2024. With its four-year term, the SPP follows on from the expiring LTPB program. Payments from this are based on target achievement in 2025. There is thus no simultaneous payment of the LTPB and the SPP in any fiscal year.

### Compliance with maximum compensation

In accordance with Section 87a Paragraph 1 Sentence 2 No. 1 AktG, the Supervisory Board has set an absolute amount in euros as the maximum compensation to limit the total amount of compensation that can be granted in a fiscal year. The maximum compensation has been set individually for each Board of Management member and includes all fixed and variable compensation components

that arise taking account of the performance achieved in full for the fiscal year. The following table shows the relevant caps on the individual compensation components for fiscal year 2023 and the previous year, the resulting overall cap on compensation, and the maximum compensation for each Board of Management member as resolved by the Supervisory Board in accordance with Section 87a Paragraph 1 Sentence 2 No. 1 AktG.

The annual base salary and the contributions to the pension plan are fixed amounts. The caps for the non-cash benefits, APP, LTPB and LTSP were complied with for all Board of Management members in fiscal year 2023. The amount of actual total compensation taking account of the payout percentages for 2023 is shown in the table “Compensation Granted and Owed to Board of Management Members in Office in the Fiscal Year” in the section below. For each of the Board of Management members, this is below the overall cap on compensation and thus lower than the maximum compensation. Compliance with the maximum compensation is thus ensured for fiscal year 2023.

### Maximum Compensation

€ thousand		Fixed compensation components			Variable compensation components			Overall cap on compensation	Maximum compensation <sup>4)</sup>
		Annual base salary	Non-cash benefits	Pension contributions	Short-term	Long-term			
					APP <sup>1)</sup>	LTPB <sup>2)</sup>	LTSP <sup>3)</sup>		
Matthias Zachert	2023	1,400	210	788	3,500	420	1,822	8,140	9,400
	2022	1,400	210	788	3,500	869	1,620	8,387	9,400
Frederique van Baarle (since April 1, 2023)	2023	338	51	168	610	104	-	1,271	4,100
	2022	-	-	-	-	-	-	-	-
Dr. Anno Borkowsky <sup>5)</sup> (until December 31, 2023)	2023	550	82	275	990	169	600	2,666	3,500
	2022	550	82	275	1,036	364	350	2,657	3,500
Dr. Hubert Fink <sup>5)</sup>	2023	650	98	325	1,267	196	720	3,256	4,100
	2022	650	98	325	1,300	419	660	3,452	4,100
Michael Pontzen <sup>5)</sup> (until August 31, 2023)	2023	650	98	325	1,202	198	720	3,193	4,100
	2022	650	98	325	1,300	419	660	3,452	4,100
Oliver Stratmann (since September 1, 2023)	2023	150	23	37	270	46	-	526	4,100
	2022	-	-	-	-	-	-	-	-

1) 200% target attainment for APP 2023 for fiscal year 2023 and for APP 2022 for the previous year.

2) Includes the amounts granted in the case of 200% target attainment for the partial performance in 2023 from the 2021(2023) tranche and, for the previous year, the partial performance in 2022 from the 2020(2022) and 2021(2023) tranches.

3) Includes the amounts granted in the case of 200% target attainment from the LTSP 2020 tranche for fiscal year 2023 and the LTSP 2019 tranche for the previous year.

4) In accordance with approval by the Annual Stockholders' Meeting on May 19, 2021.

5) Including the new service contracts that took effect as of April 1, 2023, for Michael Pontzen and as of October 1, 2023, for Dr. Hubert Fink. The new service contract for Dr. Anno Borkowsky had already taken effect as of June 1, 2022.

### Compensation granted and owed to Board of Management members in fiscal year 2023 and the previous year in accordance with Section 162 AktG

The following table shows the fixed and variable compensation components granted and owed including the respective relative share for each individual member of the Board of Management in office in fiscal year 2023 in accordance with Section 162 Paragraph 1 Sentence 1 AktG. The table thus includes the annual base salary paid in fiscal year 2023 and the previous year, the non-cash benefits accrued in the fiscal year, and the variable compensation components APP and LTPB granted in the fiscal year taking account of the performance achieved in full for fiscal year 2023 and 2022 and

the resulting APP target attainment for 2023 and 2022. For the LTSP, the compensation is granted at the end of the term of the respective tranche, as the underlying performance is not achieved in full until that time. Accordingly, the compensation for the 2020 tranche of the LTSP 2018–2021 was granted in fiscal year 2023, and the 2019 tranche of the LTSP 2018–2021 was granted in the previous year. In fiscal year 2023, EBITDA pre exceptionals of €512 million was generated and an LTIFR

of 0.6 was achieved. This results in target attainment of less than 95% and thus a payout percentage of 0% for EBITDA pre exceptionals. A LTIFR target attainment of 0.6 results in a payout percentage of 150%. Taking account of the proportions of the financial and the non-financial target for the Board of Management's APP, there is thus a weighted payout percentage of 30% for the members of the Board of Management. The APP and the LTPB will be paid out after the end of the reporting year in

fiscal year 2024. For the 2020 tranche of the LTSP, the stock's average performance compared to the reference index was 77.2%. This corresponds to a value of €0.00 per right. The LTSP 2020 tranche will therefore not be paid out. Further details on the derivation of the stated percentages can be found in the sections on short- and long-term variable compensation.

### Compensation Granted and Owed to Board of Management Members in Office in the Fiscal Year

		Fixed compensation components				Variable compensation components						Total compensation pursuant to Section 162 AktG € thousand	Pension contributions € thousand	Total compensation € thousand
		Annual base salary		Non-cash benefits		Short-term		Long-term						
		€ thousand	in %	€ thousand	in %	APP <sup>1)</sup>	in %	LTPB <sup>2)</sup>	in %	LTSP <sup>3)</sup>	in %			
Matthias Zachert	<b>2023</b>	<b>1,225</b>	<b>65</b>	<b>82</b>	<b>4</b>	<b>525</b>	<b>28</b>	<b>63</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1,895</b>	<b>788</b>	<b>2,683</b>
	2022	1,400	33	81	2	1,750	41	450	10	615	14	4,296	788	5,084
Frederique van Baarle <sup>4)</sup> (since April 1, 2023)	<b>2023</b>	<b>281</b>	<b>67</b>	<b>33</b>	<b>8</b>	<b>91</b>	<b>21</b>	<b>16</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>421</b>	<b>168</b>	<b>589</b>
	2022	–	–	–	–	–	–	–	–	–	–	–	–	–
Dr. Anno Borkowsky (until December 31, 2023)	<b>2023</b>	<b>481</b>	<b>70</b>	<b>37</b>	<b>6</b>	<b>149</b>	<b>20</b>	<b>25</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>692</b>	<b>275</b>	<b>967</b>
	2022	550	38	51	4	518	35	197	14	133	9	1,449	275	1,724
Dr. Hubert Fink	<b>2023</b>	<b>569</b>	<b>67</b>	<b>57</b>	<b>8</b>	<b>190</b>	<b>22</b>	<b>29</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>845</b>	<b>325</b>	<b>1,170</b>
	2022	650	35	58	3	650	35	225	12	251	15	1,834	325	2,159
Michael Pontzen (until August 31, 2023)	<b>2023</b>	<b>406</b>	<b>71</b>	<b>27</b>	<b>5</b>	<b>122</b>	<b>21</b>	<b>20</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>575</b>	<b>216</b>	<b>791</b>
	2022	650	36	40	2	650	36	225	12	251	14	1,816	325	2,141
Oliver Stratmann (since September 1, 2023)	<b>2023</b>	<b>113</b>	<b>65</b>	<b>14</b>	<b>8</b>	<b>40</b>	<b>23</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>174</b>	<b>37</b>	<b>211</b>
	2022	–	–	–	–	–	–	–	–	–	–	–	–	–

1) Amounts granted for the APP 2023 for fiscal year 2023 and for the APP 2022 for the previous year.

2) Includes the amounts granted for the partial performance in 2023 from the 2021(2023) tranche and, for the previous year, the partial performance in 2022 from the 2020(2022) and 2021(2023) tranches.

3) Includes the amounts granted from the LTSP 2020 tranche for fiscal year 2023 and the LTSP 2019 tranche for the previous year.

4) From September 1, 2023, onwards, 80% of her annual base salary and variable compensation components and the budget for the use of a company car were paid by LANXESS Corporation, U.S., in U.S. dollars. The fixed compensation and the budget for the use of a company car were set in U.S. dollars at the monthly average exchange rate for August 2023 and calculated and adjusted on the basis of the actual monthly average exchange rate. Accordingly, an amount of 104 thousand U.S. dollars was granted, which corresponds to €95 thousand. The variable compensation components are translated into U.S. dollars based on the monthly average exchange rate for the month prior to the payment.

The following table shows the compensation granted and owed to former members of the Board of Management in accordance with Section 162 Paragraph 1 Sentence 1 AktG.

**Compensation Granted and Owed to Former Board of Management Members in the Fiscal Year**

	Fixed compensation components		Total compensation € thousand
	Pension payments		
	€ thousand	in %	
Dr. Werner Breuers (until August 5, 2014)	55	100	55
Dr. Bernhard Düttmann (until March 31, 2015)	357 <sup>1)</sup>	100	357
Dr. Axel C. Heitmann (until February 21, 2014)	481	100	481
Dr. Rainier van Roessel (until December 31, 2019)	155	100	155

1) Of which €318 thousand relates to capital payments.

**Further Regulations on Compensation**

**Share Ownership Guideline (SOG)**

The Share Ownership Guideline, in place since 2018 and revised in 2020, stipulates the amount of the investment in LANXESS AG shares. Over a period of four years, the members of the Board of Management are obliged to invest a defined proportion of their compensation in shares in LANXESS AG and verifiably hold the shares until the end of their service contract (SOG target). The SOG target, as is standard for DAX and MDAX companies, is 150% of the annual base salary for the Chairman of the Board of Management and 100% of the annual base salary for the other members of the Board of Management. The relevant figure for the investment in the respective development year is the purchase price of the LANXESS AG share not including the bank's commission. The members of the Board of Management were authorized to contribute existing shares in LANXESS AG verifiably. All members of the Board of Management

exercised this option. Compliance with the share ownership obligation must be proven annually during the four-year development phase and every three years thereafter. The Board of Management members are entitled to any dividends from the LANXESS shares acquired. A dividend payment has no effect on the compensation of the Board of Management members.

**Share Ownership Guideline**

	SOG target	Investment volume <sup>1)</sup> in €	Development year ended <sup>2)</sup>	Target investment	Next review
Matthias Zachert	150%	3,513,771	4	Fulfilled	2025
Frederique van Baarle (since April 1, 2023) <sup>2)</sup>	100%	238,508	0	To be fulfilled from 2024	2024
Dr. Anno Borkowsky (until December 31, 2023)	100%	714,847	4	Fulfilled	–
Dr. Hubert Fink	100%	1,453,280	4	Fulfilled	2025
Michael Pontzen (until August 31, 2023)	100%	777,689	4	Fulfilled	–
Oliver Stratmann (since September 1, 2023) <sup>2)</sup>	100%	450,199	0	Fulfilled	2024

1) As of December 31, 2023.

2) Due to the appointment to the Board of Management during the year, the development phase does not begin until January 1, 2024. Oliver Stratmann met his SOG target ahead of time.

Matthias Zachert, Dr. Anno Borkowsky, Dr. Hubert Fink and Michael Pontzen met the SOG target. In the case of Frederique van Baarle and Oliver Stratmann, the development phase does not begin until January 1, 2024, because they were appointed during the year, whereby Oliver Stratmann has already met his SOG target ahead of time.

**Clawback regulation**

There is a clawback regulation for variable compensation. This regulation allows the Supervisory Board to withhold the variable compensation in full or in part, or to reclaim it if it has already been paid out, in the event of grave dereliction of duty by a Board of Management member in relation to the company. Irrespective of this, it is possible to reduce payments or take recourse in line with the legal provisions in the event of harmful breaches of duty by Board of Management members. In fiscal year 2023, the Supervisory Board had no reason to withhold or reclaim variable compensation components.

**Contract terms and termination of service on the Board of Management**

The Supervisory Board follows German stock corporation law and the recommendations of the GCGC when appointing members of the Board of Management and deciding on the term of Board of Management contracts. When appointing an individual to the Board of Management for the first time, the appointment period and the term of the service contract are usually three years. For reappointments, the maximum term of the service contracts is five years. The respective service contracts are concluded on a temporary basis and end without a separate notice period at the end of the term. In the event of a change of control, the Board of Management members have a temporary extraordinary termination right as described in the following section. The right of both parties to extraordinary termination for good cause remains unaffected. The service contracts with all Board of Management members stipulate a general cap on any severance (severance cap). In the event of early termination of service on the Board of Management, the severance payments must not exceed the value of two annual salaries plus the Board of Management's APP and the LTPB until the end of fiscal year 2023 or the SPP from the start of fiscal year 2024 at 100% target attainment and must never provide more compensation than the remaining term of the contract.

No severance payment is provided for if the Board of Management member resigns him- or herself or if the service contract is terminated by the company for good cause.

**Post-contractual restrictions on competition**

No post-contractual restrictions on competition are stipulated. However, an agreement on competition restrictions may be concluded for the period after the end of the service contract. In the event of a restriction on competition, the severance payment is to be counted toward the compensation for observing this restriction in accordance with the GCGC.

**Change of control**

Payments in the event of termination of a Board of Management member's service contract due to a change of control are capped at two annual base salaries plus the Board of Management's APP and the LTPB until the end of fiscal year 2023 or the SPP from the start of fiscal year 2024 at 100% target attainment, accounting pro rata for the remaining term at the date of contract termination.

**Compensation from secondary employment**

If members of the Board of Management hold supervisory board mandates or similar offices at affiliated companies in which LANXESS has a direct or indirect interest, or at associations and similar organizations to which the company belongs or is affiliated due to its business activities, in Germany or abroad, then this employment must be compensated with the agreed annual base salary. Compensation paid for such offices must be reported to LANXESS and is deducted from the agreed compensation. Supervisory board mandates and mandates on comparable supervisory bodies of commercial enterprises outside the LANXESS Group may be accepted only with the prior approval of the Supervisory

Board. In these cases, the Supervisory Board will also decide whether and to what extent the corresponding compensation is to be offset.

**Other**

The service contracts of Dr. Anno Borkowsky and Michael Pontzen will be duly settled following their departure from the company, i. e. the payouts for the APP, LTPB and LTSP will be made in accordance with the terms and conditions of the plan at the usual payment dates with the corresponding effective target attainments. There is no entitlement to the SPP.

In line with the compensation system, Frederique van Baarle and Oliver Stratmann did not receive a signing bonus.

In accordance with the contractual agreements, parts of Frederique van Baarle's compensation were paid by the U.S. subsidiary LANXESS Corporation. In the past fiscal year, no other member of the Board of Management received benefits or assurances of benefits from third parties with respect to their duties as members of the Board of Management.

LANXESS AG includes the members of the Board of Management and certain employees of the LANXESS Group under a directors' and officers' liability insurance (D&O) policy.

No loans were granted to members of the Board of Management in fiscal year 2023.



## Retirement Pensions

The pension plan for the members of the Board of Management is a defined contribution plan. The interest rate on the contributions is linked to the interest rate achieved by Rheinische Pensionskasse VVaG at a guaranteed interest rate of 1.75%. The pension plan grants benefits to the members of the Board of Management after the end of their employment under the company pension plan. These benefits are paid when the beneficiary reaches the age of 60 or 62 or if the beneficiary is permanently unable to work. They are paid to surviving dependents in the event of the beneficiary's death.

The pension plan stipulates a contribution of 50% of the annual base salary to be made by the company each year, or 56.25% in the case of the Chairman of the Board of Management. As described above, the pension to be paid for Oliver Stratmann amounts to 25% of the annual base salary. Moreover, the members of the Board of Management must themselves pay an amount from deferred compensation amounting to 12.5% of the Board of Management's APP. The members of the Board of Management may increase their personal contribution to up to 25% of the Board of Management's APP. The calculation of the personal contribution is based on the Board of Management's APP to be paid, but is limited to a maximum of 100% target attainment. The sum of the contributions is capped. From the date of entitlement,

up to 30% of the accumulated capital – including the interest thereon – may be converted to a pension benefit. There are claims arising from provisions in place before 2006 that are granted as vested rights for individual members of the Board of Management. If the service contract ends before the beneficiary reaches the age of 60 or 62, the company pays certain additional benefits up to a defined ceiling.

LANXESS has established provisions for the future claims of Board of Management members. The service costs recognized under the International Financial Reporting Standards (IFRS) accounting rules for this purpose, the net expense recognized under the German Commercial Code (HGB) accounting rules for this purpose and the present value of the obligations under IFRS and HGB accounting rules for members of the Board of Management in office as of December 31, 2023, can be found in the following table:

### Pension Claims

€ thousand	IFRS		HGB	
	Service costs	Present value of the obligations	Net expense for pension entitlements	Present value of the obligations
Matthias Zachert	768	11,146	1,677	13,248
Frederique van Baarle (since April 1, 2023)	319	611	528	806
Dr. Hubert Fink	342	6,516	883	7,542
Oliver Stratmann (since September 1, 2023)	164	1,574	413	2,216

The service costs include both current and past service costs. The present value of the obligations also includes claims that already existed before commencing Board of Management service.

## COMPENSATION OF THE SUPERVISORY BOARD

There were no personnel changes on the Supervisory Board of LANXESS AG in fiscal year 2023.

The compensation of the Supervisory Board is governed by Section 12 of the company's articles of association. Based on German stock corporation law, a resolution on the compensation of the Supervisory Board members must be adopted by the Annual Stockholders' Meeting at least every four years for listed companies. The Annual Stockholders' Meeting of LANXESS AG on May 19, 2021, therefore adopted a resolution on the compensation of the Supervisory Board members in accordance with Section 113 Paragraph 3 AktG. The compensation system for Supervisory Board members presented to the Annual Stockholders' Meeting was resolved with a majority of 99.91% of the votes cast.

The members of the Supervisory Board of LANXESS AG receive fixed compensation of €80 thousand per year. The Chairman of the Supervisory Board receives three times, and the Vice Chairman one and a half times, this amount. Serving as the chair, deputy chair or a member of Supervisory Board committees is compensated

separately in accordance with the GCGC. Supervisory Board members who belong to a committee other than the Nominations Committee receive half of the fixed compensation amount in addition. Supervisory Board members who belong to the Nominations Committee receive one eighth of the fixed compensation amount in addition. The chair of the Audit Committee receives a further half. Supervisory Board members who chair a committee other than the Audit Committee receive a further quarter. No additional compensation is granted for membership in the Committee to be formed pursuant to Section 27 Paragraph 3 of the German Codetermination Act or for chairing the Nominations Committee. However, no member may receive in total more than three times the fixed compensation amount.

Supervisory Board members are reimbursed for their expenses in addition and also receive an attendance allowance of €1.5 thousand for each Supervisory Board meeting and each committee meeting they attend, with the exception of meetings of the Committee formed pursuant to Section 27, Paragraph 3 of the German Codetermination Act. With respect to their membership on the supervisory boards of LANXESS Group companies, the members of the Supervisory Board are remunerated only for their service on the Supervisory Board of LANXESS Deutschland GmbH in the amount of €5 thousand each.

LANXESS AG includes the members of the Supervisory Board of the LANXESS Group under a directors' and officers' liability insurance (D&O) policy.

None of the members of the Supervisory Board received benefits for services provided personally during the reporting period. No loans or advances were granted to members of the Supervisory Board during the reporting year.

The following table shows the fixed and variable compensation components granted and owed to the current and former members of the Supervisory Board in fiscal year 2023 and the previous year, including the respective relative share, in accordance with Section 162 Paragraph 1 Sentence 1 AktG:

**Compensation Granted and Owed to Supervisory Board Members in Fiscal Year 2023 and the Previous Year**

		Fixed compensation LANXESS AG		Compensation as committee member LANXESS AG		Attendance allowance		Fixed compensation LANXESS Deutschland GmbH		Total com- pensation €
		€	%	€	%	€	%	€	%	
Dr. Matthias L. Wolfgruber, Chairman	<b>2023</b>	<b>240,000</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>19,500</b>	<b>7</b>	<b>5,000</b>	<b>2</b>	<b>264,500</b>
	2022	240,000	92	-	-	16,500	6	5,000	2	261,500
Ralf Sikorski, stellv. Vice Chairman	<b>2023</b>	<b>120,000</b>	<b>67</b>	<b>40,000</b>	<b>22</b>	<b>15,000</b>	<b>8</b>	<b>5,000</b>	<b>3</b>	<b>180,000</b>
	2022	120,000	66	40,000	22	16,500	9	5,000	3	181,500
Hans van Bylen	<b>2023</b>	<b>80,000</b>	<b>43</b>	<b>80,000</b>	<b>43</b>	<b>21,000</b>	<b>11</b>	<b>5,000</b>	<b>3</b>	<b>186,000</b>
	2022	80,000	43	80,000	43	21,000	11	5,000	3	186,000
Birgit Bierther	<b>2023</b>	<b>80,000</b>	<b>57</b>	<b>40,000</b>	<b>28</b>	<b>15,000</b>	<b>11</b>	<b>5,000</b>	<b>4</b>	<b>140,000</b>
	2022	80,000	57	40,000	28	16,500	11	5,000	4	141,500
Armando Dente	<b>2023</b>	<b>80,000</b>	<b>58</b>	<b>40,000</b>	<b>29</b>	<b>13,500</b>	<b>10</b>	<b>5,000</b>	<b>3</b>	<b>138,500</b>
	2022	80,000	57	40,000	28	15,000	11	5,000	4	140,000
Dr. Hans-Dieter Gerriets	<b>2023</b>	<b>80,000</b>	<b>58</b>	<b>40,000</b>	<b>29</b>	<b>13,500</b>	<b>10</b>	<b>5,000</b>	<b>3</b>	<b>138,500</b>
	2022	80,000	57	40,000	28	15,000	11	5,000	4	140,000
Dr. Heike Hanagarth	<b>2023</b>	<b>80,000</b>	<b>75</b>	<b>10,000</b>	<b>9</b>	<b>12,000</b>	<b>11</b>	<b>5,000</b>	<b>5</b>	<b>107,000</b>
	2022	80,000	81	5,041	5	9,000	9	5,000	5	99,041
Pamela Knapp	<b>2023</b>	<b>80,000</b>	<b>45</b>	<b>80,000</b>	<b>45</b>	<b>13,500</b>	<b>7</b>	<b>5,000</b>	<b>3</b>	<b>178,500</b>
	2022	80,000	44	80,000	44	15,000	8	5,000	4	180,000
Lawrence A. Rosen	<b>2023</b>	<b>80,000</b>	<b>52</b>	<b>50,000</b>	<b>33</b>	<b>18,000</b>	<b>12</b>	<b>5,000</b>	<b>3</b>	<b>153,000</b>
	2022	80,000	53	50,000	34	15,000	10	5,000	3	150,000
Iris Schmitz	<b>2023</b>	<b>80,000</b>	<b>58</b>	<b>40,000</b>	<b>29</b>	<b>13,500</b>	<b>10</b>	<b>5,000</b>	<b>3</b>	<b>138,500</b>
	2022	80,000	57	40,000	28	15,000	11	5,000	4	140,000
Manuela Strauch	<b>2023</b>	<b>80,000</b>	<b>57</b>	<b>40,000</b>	<b>28</b>	<b>15,000</b>	<b>11</b>	<b>5,000</b>	<b>4</b>	<b>140,000</b>
	2022	80,000	57	40,000	28	16,500	11	5,000	4	141,500
Dr. Rainier van Roessel (appointed May 25, 2022)	<b>2023</b>	<b>80,000</b>	<b>57</b>	<b>40,000</b>	<b>28</b>	<b>15,000</b>	<b>11</b>	<b>5,000</b>	<b>4</b>	<b>140,000</b>
	2022	48,438	59	20,164	24	10,500	13	3,027	4	82,129
Theo H. Walthie (resigned May 25, 2022)	<b>2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	2022	31,781	53	19,863	34	6,000	10	1,986	3	59,630
<b>Total</b>	<b>2023</b>	<b>1,160,000</b>	<b>61</b>	<b>500,000</b>	<b>26</b>	<b>184,500</b>	<b>10</b>	<b>60,000</b>	<b>3</b>	<b>1,904,500</b>
	2022	1,160,219	61	495,068	26	187,500	10	60,013	3	1,902,800

## COMPARISON OF THE EARNINGS DEVELOPMENT AND THE CHANGE IN COMPENSATION OF THE EMPLOYEES, BOARD OF MANAGEMENT MEMBERS AND SUPERVISORY BOARD MEMBERS

The following table shows the annual change in the compensation of current and former Board of Management and Supervisory Board members, the compensation of employees on a full-time equivalent basis and selected key earnings figures of the LANXESS Group and LANXESS AG over the past five years in accordance with Section 162 Paragraph 1 Sentence 2 No. 2 AktG.

For the Board of Management and Supervisory Board members, the compensation granted and owed in the respective fiscal year in accordance with Section 162 Paragraph 1 Sentence 1 AktG is presented.

For the presentation of the average compensation of employees on a full-time equivalent basis, the group of employees of the German Group companies is used. The group of employees in Germany comprises all active permanent pay-scale and non-pay-scale employees, including the top management level below the Board of Management and employees on paid leave. The average compensation of employees comprises the annual base salary (not including recurring payments) and any variable compensation components attributable to the fiscal year.

The calculation of compensation for employees thus corresponds in principle to the compensation for the Board of Management and the Supervisory Board and is therefore consistent with the compensation granted and owed in line with Section 162 Paragraph 1 Sentence 1 AktG.

The earnings development is presented based on LANXESS AG's net income and the LANXESS Group's key performance indicator, EBITDA pre exceptionals.

**Comparison of the Earnings Development and the Change in Compensation of the Employees, Board of Management Members and Supervisory Board Members**

	2019	2020	Change in 2020 vs. 2019	2021	Change in 2021 vs. 2020	2022	Change in 2022 vs. 2021	2023	Change in 2023 vs. 2022
<b>Earnings development (€ million)</b>			%		%		%		%
EBITDA pre exceptionals	1,019	862	(15)	1,010	17	930	14 <sup>1)</sup>	512	(45)
Net income of LANXESS AG	463	(67)	(114)	(92)	(37)	1,014	1,202 <sup>2)</sup>	15	(99)
<b>Employee compensation (€ thousand)</b>									
Average compensation in Germany (not including Board of Management)	79	78	(1)	86	10	79	(8)	75	(5)
<b>Compensation of members of the Board of Management in office in the fiscal year (€ thousand)</b>									
Matthias Zachert (Chairman, from April 1, 2014)	5,697	4,145	(27)	5,863	41	4,296	(27)	1,895	(56)
Frederique van Baarle (from April 1, 2023)	-	-	-	-	-	-	-	421	-
Dr. Anno Borkowsky (from June 1, 2019, until December 31, 2023)	710	938	32	1,769	89	1,449	(18)	692	(52)
Dr. Hubert Fink (from October 1, 2015)	1,552	1,658	7	2,354	42	1,834	(22)	845	(54)
Michael Pontzen (from April 1, 2015, until August 31, 2023)	1,549	1,608	4	2,336	45	1,818	(22)	575	(68)
Oliver Stratmann (from September 1, 2023)	-	-	-	-	-	-	-	174	-
<b>Compensation of former members of the Board of Management (€ thousand)</b>									
Dr. Werner Breuers <sup>3)</sup> (until August 5, 2014)	2,247	52	(98)	52	0	55	6	55	0
Dr. Bernhard Düttmann <sup>3)</sup> (until March 31, 2015)	9	355	3,844	355	0	357	1	357	0
Dr. Axel C. Heitmann <sup>3)</sup> (until February 21, 2014)	4,340	455	(90)	445	(2)	474	7	481	1
Dr. Rainier van Roessel <sup>3)</sup> (until December 31, 2019)	2,681	5,161	93	400	(92)	422	6	155	(63)
<b>Compensation of members of the Supervisory Board in office in the fiscal year (€ thousand)</b>									
Dr. Matthias L. Wolfgruber, Chairman (from May 13, 2015, Chairman from May 15, 2018)	262	218	(17)	265	22	262	(1)	265	1
Ralf Sikorski, Vice Chairman (from May 13, 2015)	176	161	(9)	180	12	182	1	180	(1)
Hans van Bylen (from August 27, 2020)	-	66	-	186	182	186	0	186	0
Birgit Bierther (from January 25, 2019)	128	129	1	140	9	142	1	140	(1)
Armando Dente (from August 27, 2020)	-	49	-	140	186	140	0	139	(1)
Dr. Hans-Dieter Gerriets (from July 1, 2014)	140	127	(9)	140	10	140	0	139	(1)
Dr. Heike Hanagarth (from July 1, 2016)	94	81	(14)	94	16	99	5	107	8
Pamela Knapp (from May 15, 2018)	139	141	1	180	28	180	0	179	(1)
Lawrence A. Rosen (from May 13, 2015)	140	139	(1)	155	12	150	(3)	153	2
Iris Schmitz (from October 1, 2021)	-	-	-	31	-	140	352	139	(1)
Manuela Strauch (from July 1, 2015)	142	129	(9)	140	9	142	1	140	(1)
Dr. Rainier van Roessel (from May 25, 2022)	-	-	-	-	-	82	-	140	71

1) The change is against the previous year's figure adjusted for the reporting of the High Performance Materials business unit as a discontinued operation.

2) The increase is largely due to the profit transfer at LANXESS Deutschland GmbH in 2022, which was significantly higher than in the previous year as a result of the contribution of the High Performance Materials business unit to LXS Performance Materials GmbH.

3) The high percentage changes in some cases for former members of the Board of Management are due to one-time capital payments or retirement during the year.

Cologne, March 11, 2024

LANXESS Aktiengesellschaft

For the Board of Management

Matthias Zachert  
Chairman of the Board  
of Management

Oliver Stratmann  
Chief Financial Officer

For the Supervisory Board

Dr. Matthias L. Wolfgruber  
Chairman of the Supervisory Board

# Auditor's Report

To LANXESS AG, Cologne

We have audited the remuneration report of LANXESS AG, Cologne, for the financial year from January 1, 2023 to December 31, 2023 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktengesetz: German Stock Corporation Act].

## ***Responsibilities of the Executive Directors and the Supervisory Board***

The executive directors and the supervisory board of LANXESS AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibilities***

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1, 2023 to December 31, 2023, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

### **Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG**

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

### **Restriction on use**

We issue this auditor's report on the basis of the engagement agreed with LANXESS AG. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Cologne, March 11, 2023

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Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer  
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