



LANXESS – committed to sustainable chemistry

ESG Equity Story

Investor Relations

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Agenda

1 LANXESS ESG strategy

2 Key pillars of our ESG strategy

3 Ratings, EU taxonomy and financing

4 Contact and further information

LANXESS as part of the chemical industry enables the transformation towards a sustainable society



New Mobility



Chemicals for battery production enable GHG-reduced solutions such as e-mobility

Renewable Energy



High-end materials such as lubricants support sustainable energy generation

Water Treatment



Ion exchange resins can purify water providing drinking water and helping wastewater treatment

Circular Economy



Recycling enables the recovery of molecules, reduces waste and makes re-use possible

Sustainability is a business case and drives our economic and strategic success

We drive sustainable solutions...

Societal needs which we can and want to fulfill, e.g.

- Need for clean drinking water for a growing world population
- Disinfection to prevent the spread of diseases
- Additives to increase product life and thus reduce waste



... and see clear financial benefits

- **Energy-efficient production:** Cost saving potential by determination in addressing areas of sustainability risks
- **Acceptance and reputation:** Strategic investment decisions by shifting into “tomorrow’s markets” with growth and innovation potentials
- **Better, integrated decision-making:** Position ourselves with a foresighted business strategy and thereby secure our financial base

Sustainability commitment as our license to operate

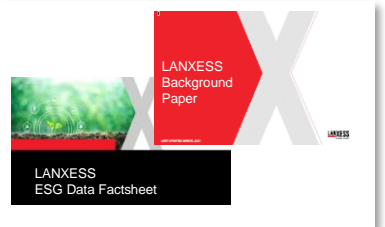


We offer extensive transparency on our commitment to sustainability

We commit to several initiatives and frameworks



We offer transparency on where we stand complying with standards and regulations



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We have defined clear targets and objectives for the sustainability areas we consider most important

CLIMATE

- **Climate neutral by 2040 for Scope 1 & 2:
-80% CO₂e emissions by 2030 versus 2004**
- **Net zero by 2050 for Scope 3:
-60% CO₂e emissions by 2030 versus 2015**

WATER

- **Reduction of absolute water withdrawal at water risk sites by 9% until end of 2028**

PRODUCTS

- **Phase out of 2021/2023 roadmap products by 2026, innovate and substitute by 2030**

SAFETY

- **Aiming for zero accidents**

DIVERSITY

- **Proportion of women in management¹ at 30% in 2030**



Ambition: LANXESS, a leading, resilient, and sustainable company

¹ Management refers to all managerial employees below the Board of management

Climate strategy



We are enroute towards climate neutrality

Scope 1 & 2

**Climate
Neutral
2040**

Reduce CO₂ emissions from our own production and purchased energy (Scope 1 and 2)

- I. Realize major impact projects for climate protection
- II. Decouple emissions and growth
- III. Pursue technological innovations

**CLIMATE
NEUTRAL 2040**

Scope 3

**Net Zero
Value
Chain**

Reduce CO₂ emissions from our value chain (Scope 3)

- I. Use of sustainable raw materials
- II. Transition to green logistics
- III. Increasingly offer low-carbon and climate-neutral products

NET ZERO VALUE CHAIN



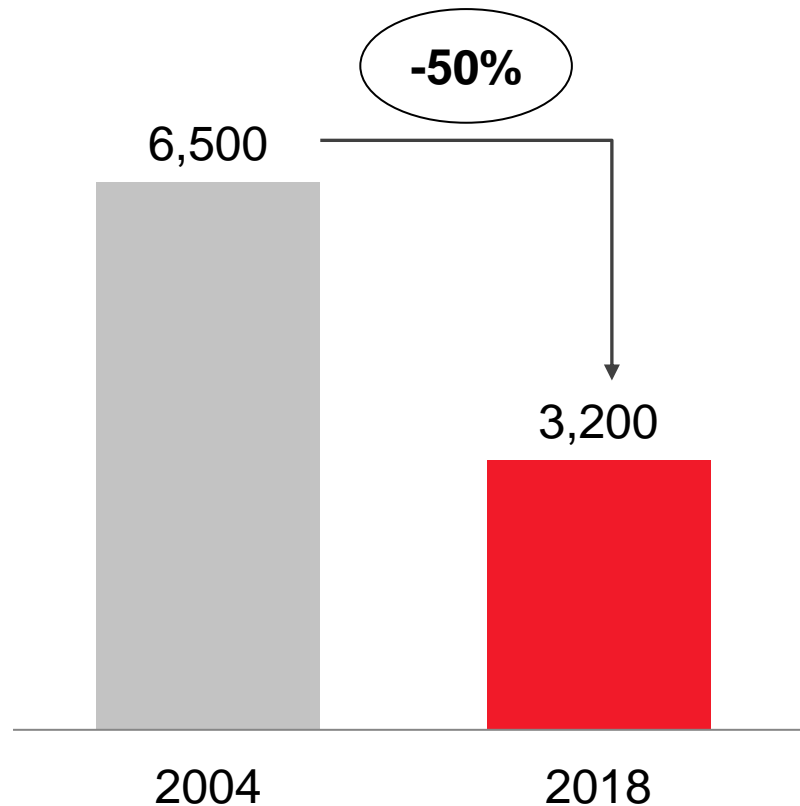
Near-term (2030) and net zero targets approved to be on 1.5-degree climate path by SBTi¹

¹ SBTi = Science Based Targets initiative

We have a long track record of climate protection projects – significant reduction already since 2004

CLIMATE NEUTRAL **2040**

Climate path



Nitrous oxide reduction plant in Krefeld-Uerdingen, Germany

- Reduction by 1,500 kt CO₂e/year
- Awarded several times

Co-generation plant in Porto Feliz, Brazil

- Degree of efficiency of up to 90 percent
- Powered by biomass, thus CO₂-neutral

Steam network in Antwerp, Belgium

- Highly efficient due to joint energy use by numerous partners in the port of Antwerp

Portfolio optimization

- Focus on low-emission specialty chemicals

Emissions based on Scope 1 + Scope 2, figures rounded, in thousand tons CO₂e



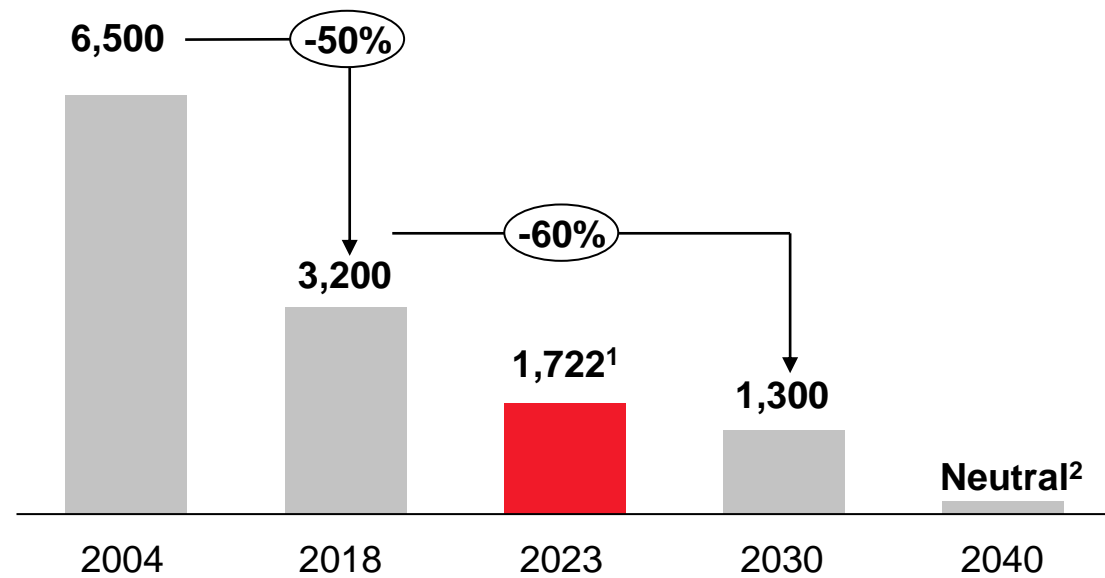
Our projects to reduce Scope 1 and 2 emissions are on track

CLIMATE NEUTRAL 2040

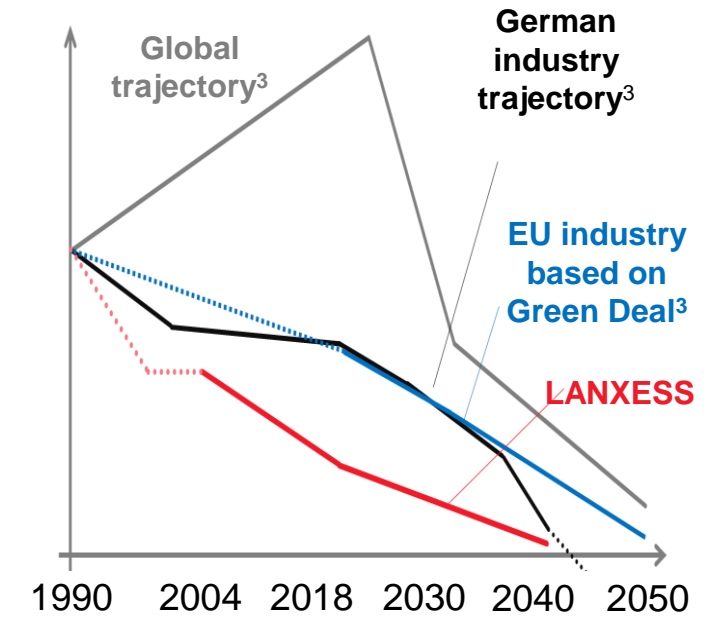
Our path to climate neutrality

We are ahead of EU regulation

- 1 Realize major impact projects
- 2 Decouple emissions & growth
- 3 Pursue technological innovations



in thousand metric tons of CO₂e Scope 1 and 2 emissions



Scope 1 and 2 emissions

We are on track to achieve target set for 2030

¹ Only continuing operations. 2023 figure distorted by very low utilization. | ² Climate neutral: Less than 220k tons of CO₂ equivalents (e) per year. These will be reduced through compensation measures. | ³ Estimation based on AGORA Energiewende

More information

Our transition to CO₂ neutral production in India is far advanced

CLIMATE
NEUTRAL 2040

1

Major impact project (example)



- Terminate use of coal-based energy sources at our sites and switch to biomass and renewable energies
- Total investment of EUR 10-15 million

Emissions at Indian sites (base year: 2018)
Reduction: ~ 100 kt CO₂e / year



Total target for emissions
Reduction: ~ 150 kt CO₂e / year



We will fully transition to green electricity supply in the next decade

CLIMATE
NEUTRAL 2040

1

Major impact project (example)



- Full supply contract with ENGIE concluded for German and Belgian sites with a volume of 1,400 GWh
- More than half is green electricity from wind and solar parks (17 wind farms and 4 solar parks in Germany)
- Supply to Bergkamen, Bitterfeld, Brunsbüttel, Mannheim and Antwerp sites

Total emission reduction starting in 2023
Reduction: ~ 33 kt CO₂e / year



More
information



Recent acquisitions and investments are in line with climate neutral strategy

Organic growth

- Resulting CO₂e emissions increase of annual volume growth must be compensated by innovations and technologies

Acquisitions

- All potential targets are analyzed with regards to their CO₂e balance
- Businesses are only acquired if emissions fit in our climate neutral strategy; our recent acquisitions of Emerald Kalama Chemical and IFF's Microbial Control business are aligned with this strategy



Various smaller projects for emission reduction successfully in place

CLIMATE NEUTRAL **2040**

3

Pursue technological innovations (examples)

Rethink and adapt energy and CO₂ intensive chemical processes

Digitalization in Leverkusen

New program enabling the live simulation of production processes for phosphorus chemicals plant allowing us to reduce steam consumption

Reduction: ~ 4,000 t / year

Leverage “Verbund” structures for more integrated solutions

Steam plant network in Antwerp

Commissioning of a steam plant network in partnership with other chemicals companies reducing energy costs and CO₂e emissions

Reduction: ~ 10,000 t / year

Emphasis on CO₂ intensity as criterion in the R&D process

Priority for CO₂ projects



More
information

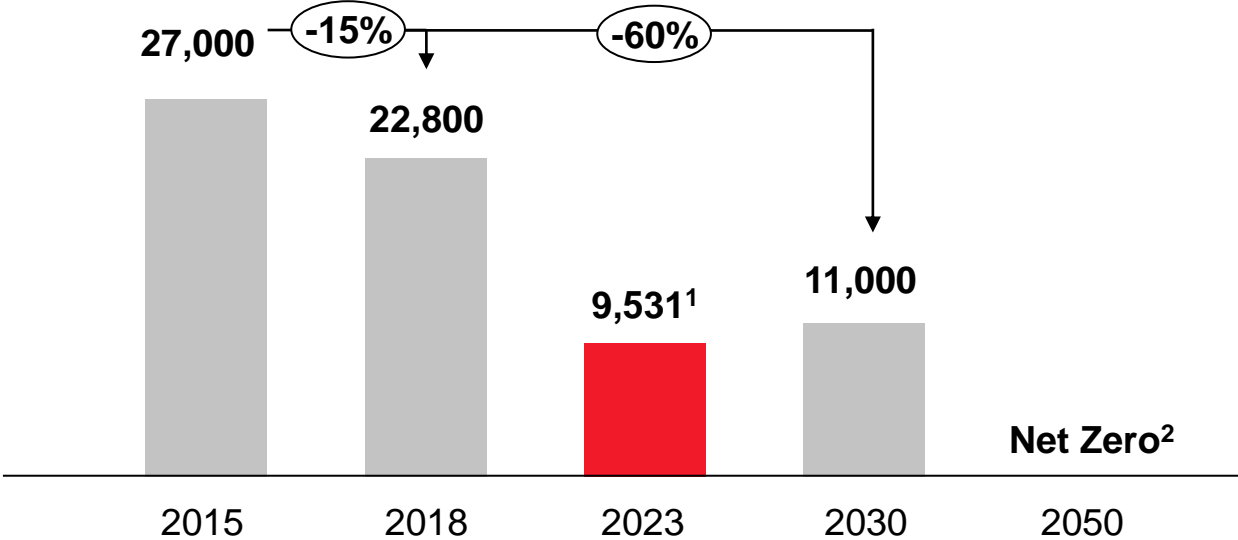


We aim to reduce and ultimately neutralize our Scope 3 value chain emissions

NET ZERO VALUE CHAIN

Our path to Net Zero

- 1 Use of sustainable raw materials
- 2 Transition to green logistics
- 3 Increasingly offer low-carbon and climate-neutral products



in thousand metric tons of CO₂e Scope 3 emissions

We are on track to achieve target set for 2030

¹ Only continuing operations. 2023 figure distorted by very low utilization.

² "Net zero" will be achieved by a combination of positive and negative emissions during the life-cycle. Final 10% of emissions will be reduced by compensation measures.

More information

Sustainable raw materials are the key to climate neutrality in the value chain

LANXESS and TotalEnergies cooperate on sustainable styrene

- Biocircular styrene based on tall oil derived from a tree resin
- LANXESS uses the styrene to produce sustainable ion exchange resins, e.g., used in treatment of wastewater and chemical process flows
- Sustainable origin is certified in accordance with ISCC¹ PLUS standard

LANXESS and Covestro cooperate to produce more sustainable raw materials

- LANXESS sources chlorine, caustic soda and hydrogen from the ISCC PLUS-certified sites of Covestro in Leverkusen and Krefeld-Uerdingen
- Covestro uses electricity with certificates of origin from hydropower for electrolysis



¹ ISCC = International Sustainability and Carbon Certification

We make our logistics "greener" by using low-emission transport options

- Increase transportation asset utilization
- Optimize freight transport modes
- Reduce freight transport demand
- Utilize "green ships"
- Improve fleet partner energy efficiency



Reducing emissions from logistics is a small but still important lever

We strive for a sustainable, climate-neutral product portfolio without compromising product performance

Increasingly offer low-carbon and climate-neutral products (examples)



X Lewatit® Scopeblue

- First sustainable ion exchange resin used in water filter cartridges
- Resins are based on bio-circular acrylonitrile resulting in a sustainable raw material share of more than 90%
- Production in compliance with certified ISCC Plus standards

X Trimethylolpropane Scopeblue

- Is used in resins and polyurethane applications
- TMP Scopeblue is based on more than 50% circular Butyraldehyd as a raw material (ISCC Plus certified)
- Sustainable drop-in for existing formulations without compromising performance

Sustainable products



Our product classification system identifies the share of sustainable products in our portfolio

The share of sustainable products is increasing

LANXESS Product Sustainability Monitor



Evaluation criteria and sustainability dimensions

environmental ▪ social ▪ economical

	ENV	SOC	ECO
Climate change	■	■	■
Water use and water risk	■	■	■
Support of the Agenda 2030	■	■	■
Waste efficiency	■	■	■
Environmental risk	■	■	■
Human health risk	■	■	■
Demand trend	■	■	■
Profitability	■	■	■
Legislative and reputational risk	■	■	■



Energizer
30% of sales

- Outstanding sustainability performance
- Very low to low environmental impact
- Contribution to at least one SDG

Performer
53% of sales

- State-of-the-art sustainable products
- Fulfill or exceed sustainability requirements
- Low to medium environmental impact

Transitioner
6% of sales

- Not (yet) fulfill all LANXESS sustainability requirements
- Active steering and improvement processes

Roadmap
2024/2026
9% of sales

- End-products¹ with sustainability concerns containing >0.1% critical substances
- Managed in roadmap processes until 2026

Phase-out
2% of sales

Roadmap products from 2021/2023 either with substitution by 2030 or phase-out by 2026

¹ Not considered as chemical end-products are chemical intermediates sold to chemical-industry customers.



We support our customers in reaching their climate goals

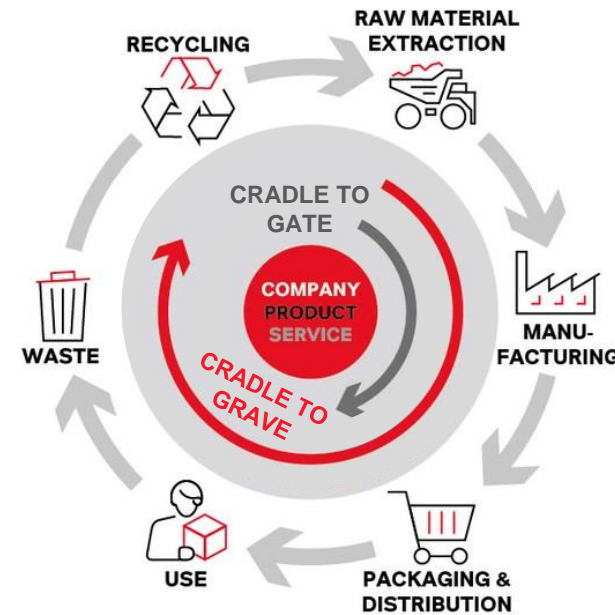
Life Cycle Assessments

- Systematic analysis of input and output streams over the entire lifespan of our products
- Assessment according to ISO 14040/44

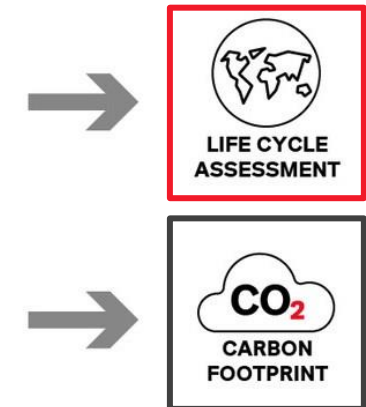
Product Carbon Footprints

- Engine that automatically calculates the carbon footprint for LANXESS' products
- Calculates the emissions generated according to the cradle-to-gate approach
- Method certified by TÜV Rheinland in accordance with the ISO 14067

How does this work?



MAKING IMPACTS TRANSPARENT



Product Carbon Footprint and Life Cycle Assessments support our customers to make the right choices on their path to climate neutrality and better environmental performance.

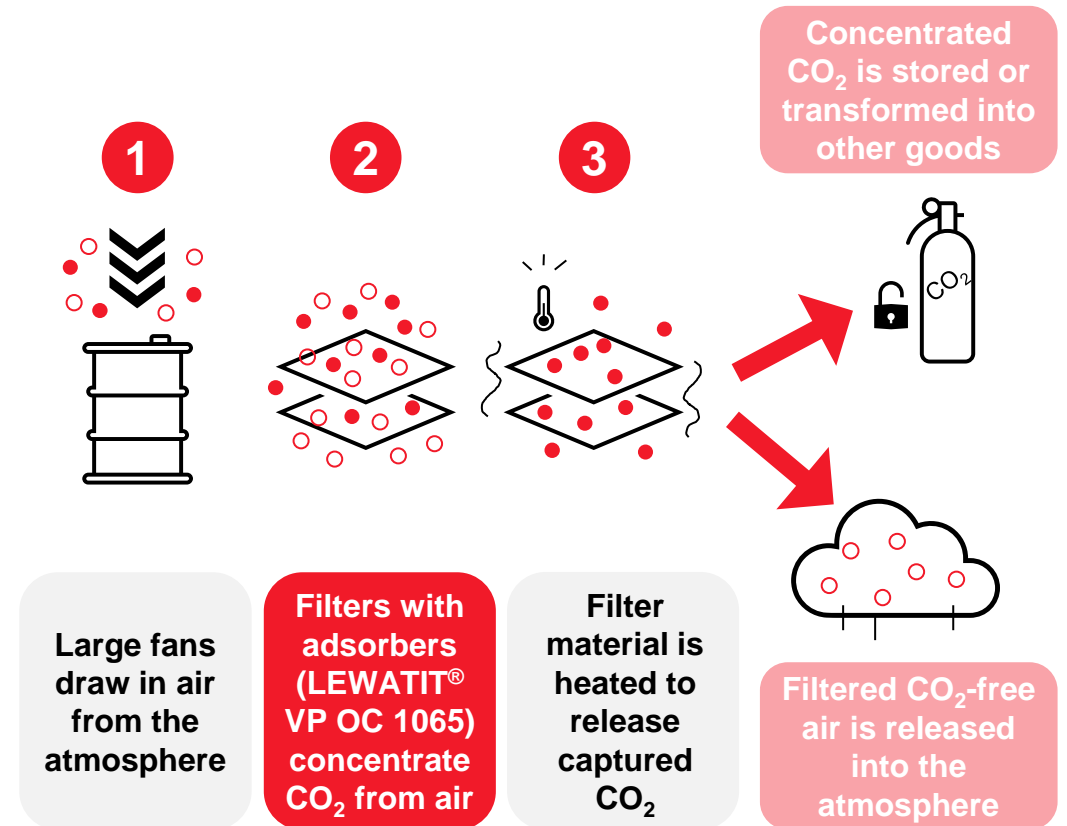
Example to fighting climate change: LEWATIT® adsorber enable direct air capture of CO₂

LANXESS product used for CO₂ reduction

- Recent studies propose that GHG emission savings are not sufficient to fight climate change
- Additional measures need to be taken to reduce the amount of CO₂ which is already in the atmosphere

LEWATIT® VP OC 1065 adsorber facilitates the CO₂ removal from air via direct air capture

How does direct air capture work?



More
information



Water and waste



We have a clear strategy for sustainable water management

LANXESS Water Program

- 2023 target of “15% absolute reduction of water withdrawal until 2023 at water risk sites” reached
- New ambitious targets have been set

- **Global target: To reduce annual water consumption by 2% despite organic growth**
- **Local targets: Reduction of absolute water withdrawal at LANXESS water risk¹ and water stress² sites by a total of 9% until 2028**
- **Implementing WASH Pledge measures until 2028 (WASH4WORK)**



CDP honored our efforts in water security again with an A- rating in 2023



**More
information**



¹ Water risk sites: Nagda and Jhagadia (both India), Latina (Italy) and Qingdao (China)

² Water stress sites (without water risk sites): East Hanover, Laval, Liyang, Merlo, Perth Amboy, Porto Feliz

We efficiently use our integrated production structures to reduce waste streams

LANXESS Waste Management

- We strive to avoid hazardous & non-hazardous waste
- Integrated production sites enable us to re-use many residues and by-products in neighboring plants (own and other chemicals companies)



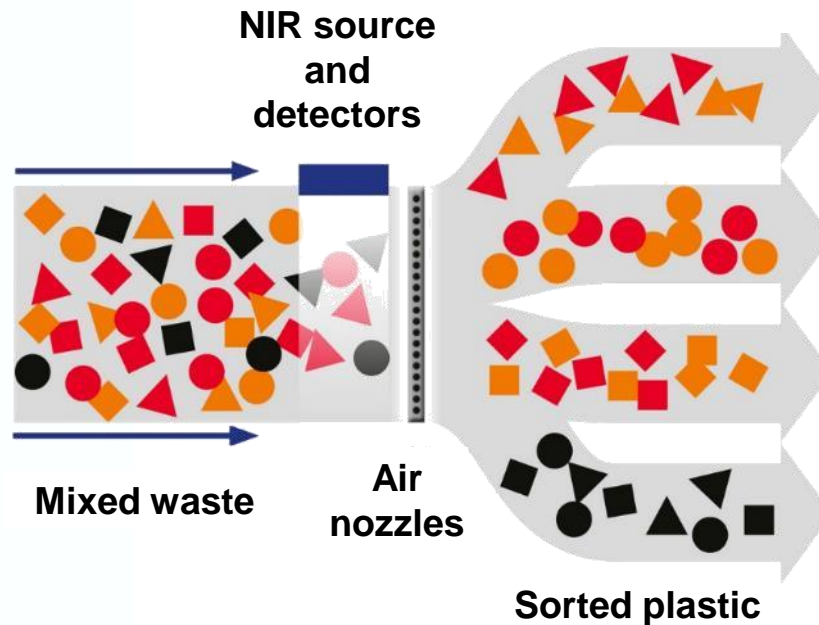
Examples for efficient use of waste streams

- **Internal use:** In Leverkusen, ammonia water, a by-product from our BU LPT, used as a raw material by the neighboring hydrate plant run by our BU All instead of fresh ammonia
- **External use:** In Uerdingen, our BU All passes on glutaric acid – a by-product of adipic acid production – to a partner for their production

LPT = Liquid Purification Technologies, All = Advances Industrial Intermediates



Example for waste reduction: Pigment solution ensures sorting of black plastics for recycling



LANXESS product facilitates recycling

- Black plastics are largely colored with carbon black which is not detectable in sorting machines
- LANXESS black pigment BAYFERROX[®] 303 T makes black plastic detectable by machines, thereby improving recycling results

Reliable sorting of black plastics can be realized, and thermal decomposition avoided

NIR = near-infrared



Conserving biodiversity is an essential pillar of our pledge to promote sustainability

Responsibility along the value chain



- We strive for circular & sustainable sourcing
- Raw materials that we procure should be in line with recognized standards of sustainability

Safe & Sustainable sites



- Endeavour to avoid non-hazardous and hazardous emissions in soil, air and water
- Clear commitment and targets for water withdrawal, use and limitation of water pollution
- Clear climate strategy

Sustainable products



- Improvement of sustainability performance of our product portfolio as integral aspect of product responsibility
- Product Sustainability Monitor used to categorize our product portfolio and identify share of sustainable products and those with improvement potential

- **Climate change and water-related issues (water withdrawal, use & pollution) as the primary drivers of the potential environmental and biodiversity impact of the chemical industry**
- **We have already established commitments, strategies, and specific targets for both topics**

Working at LANXESS



We have a strong commitment towards diversity and inclusion

Success driven by personal commitment of each and every employee



- Further increase proportion of women in...
 - Management¹ to 30% by 2030
Currently at: 26.1%
 - 1st level below Board of Management to 25% by 2027
Currently at: 23.1%
 - 2nd level below Board of Management to 28% by 2027
Currently at: 28.4%
- Have at least 30% female and 40% non-German participants in corporate talent programs



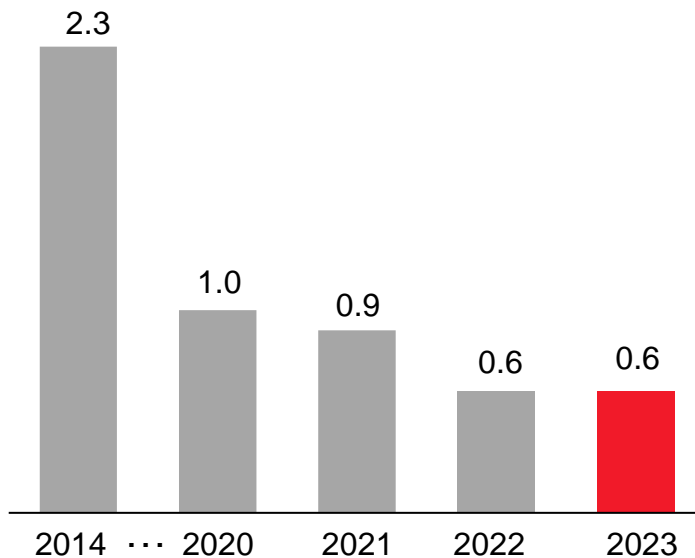
We are on track with achieving our targets and plan to further foster diversity and inclusion

¹ Management refers to all managerial employees below the Board of management



We view social principles as major drivers for sustainable success

Ambition: Avoid all accidents



LTIFR¹: Accident rate per million hours worked; starting 2023 only continuing operations

Social principles are more than diversity indicators

- Commitment to ILO² convention and its principles for work
- We set the target to reduce LTIFR in 2025 by more than 50% versus 2014
- Initiatives fostering occupational health and safety, e.g., platform with various offers around health and prevention measures
- Fair compensation and comprehensive benefits, e.g., (child-)care, maternity/paternity leave, pension, transition into retirement and for different insurances
- Comprehensive concepts for employee qualification, e.g., reflected in high ratio of apprentices hired after completing the training
- Close and regular collaboration with works' councils and labor unions

Our social principles are embedded in our Performance Culture

More
information



¹ LTIFR = lost time injury frequency rate, known as MAQ in Germany. 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 ILO = International Labour Organization

Governance approach

Our governance structure starting with the Supervisory Board ensures strategic oversight

Supervisory Board

- Competence profile
- Sustainability embedded in yearly strategy review

Committees

- Sustainability (CEO)
- Risk (CFO)
- Investment
- Digitalization

Compensation

- Long-Term Stock Plan
- Sustainability Performance Plan
- Short-term incentive incl. non-financial target

Composition

The Supervisory Board of LANXESS consists of **12 members**:

6 represent the **shareholders**
6 represent the **employees**

Independence

All current shareholder representatives are **independent**

Diversity

>30% of the members of the Supervisory Board are **women**

Tenure

Maximum of 12 years

Assessment

Regular assessment of efficiency of Supervisory Board with external support

Age Limit

An **age limit** has been set following the completion of the **75th year of life**



Broad Competence profile to ensure specialist knowledge and experience

Chemical industry, international management, corporate governance/compliance, strategy, M&A, production, marketing & sale of chemical products, raw material procurement, energy & services, HR/codetermination, investor relations, corporate financing, accounting and auditing, risk management, IT/digitalization and ESG



CEO-led committee structure guarantees effective sustainability management

Supervisory Board

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- Sustainability embedded in yearly strategy review

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Sustainability Committee

Matthias Zachert (CEO)

Entire board reviews and tracks sustainability performance and aligns on targets and action plans quarterly

Sub-Committees

Climate and Energy	Health, Safety and Environment	Value Chain Circularity & Product Stewardship	Social and Governance	Stakeholder expectations & reporting standards
Hubert Fink	Hubert Fink	Frederique van Baarle	Frederique van Baarle	Oliver Stratmann

- Embedded in our Corporate Policy, Code of Conduct and Integrated Management Systems
- Close collaboration between Board of Management and Supervisory Board



Balanced compensation for Board of Management – significant share based on sustainability & safety targets

Supervisory Board

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- Sustainability embedded in yearly strategy review

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variable	23%	Long-term incentive	Long-Term Stock Performance Plan (LTSP ¹)	<ul style="list-style-type: none"> Stock performance vs. FTSEurofirst 300 Eurozone Chemicals Vesting period: 4 years 	<ul style="list-style-type: none"> ✓ “Claw-back”: Right to withhold or reclaim granted variable compensation ✓ Total compensation is capped³ ✓ Discretionary payment is limited to 20% of total APP
	16%		Sustainability Performance Plan (SPP)	<ul style="list-style-type: none"> Duration of 4 years, target setting in advance SPP target can differ from tranche to tranche For 2024 a goal for CO₂e emission reduction was set 	
30%	Short-term incentive	Non-financial target (LTIFR ²)	<ul style="list-style-type: none"> Annual Performance Payment (APP) with 2 elements: 80% EBITDA and 20% LTIFR Cap: 200% of budget (including discretionary payment) Deduction in case of serious safety and/or environmental problems 		
		Financial target (EBITDA pre)			
fix	31%	Benefits			
		Pensions			
			Annual Base Salary	<ul style="list-style-type: none"> Share Ownership Guideline: Target 100% of annual base salary (150% for CEO) 	

¹ Current LTSP program | ² LTIFR = lost time injury frequency rate, known as MAQ in Germany | ³ The total cap includes all possible bonus payments from the variable remuneration and discretionary payments. Discretionary payment is limited to 20% of total APP and total payment (including discretionary payment cannot exceed 200% of annual base salary). It is only paid in exceptional cases and requires a reasonable and transparent justification by the Supervisory Board.

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Leading ESG rating providers honor our performance

MSCI
ESG RATINGS

Rating recently confirmed

2nd highest category for 3rd time
Convincing climate strategy and efforts to reduce water use

ISS ESG

Rating recently confirmed

Prime status since 2020
Top 10%

CDP
DISCLOSURE INSIGHT ACTION

Rating recently confirmed

In total, 7 times on Climate A list (among top 2%), 5th time in a row
2nd time A- rating for water disclosure

Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Rating recently updated

Top 10% in DJSI World (13th year)
DJSI Europe (7th year)
Sustainability Yearbook member

We are rewarded for our efforts on sustainability that go beyond the must-haves

3rd time in a row

3rd time in a row

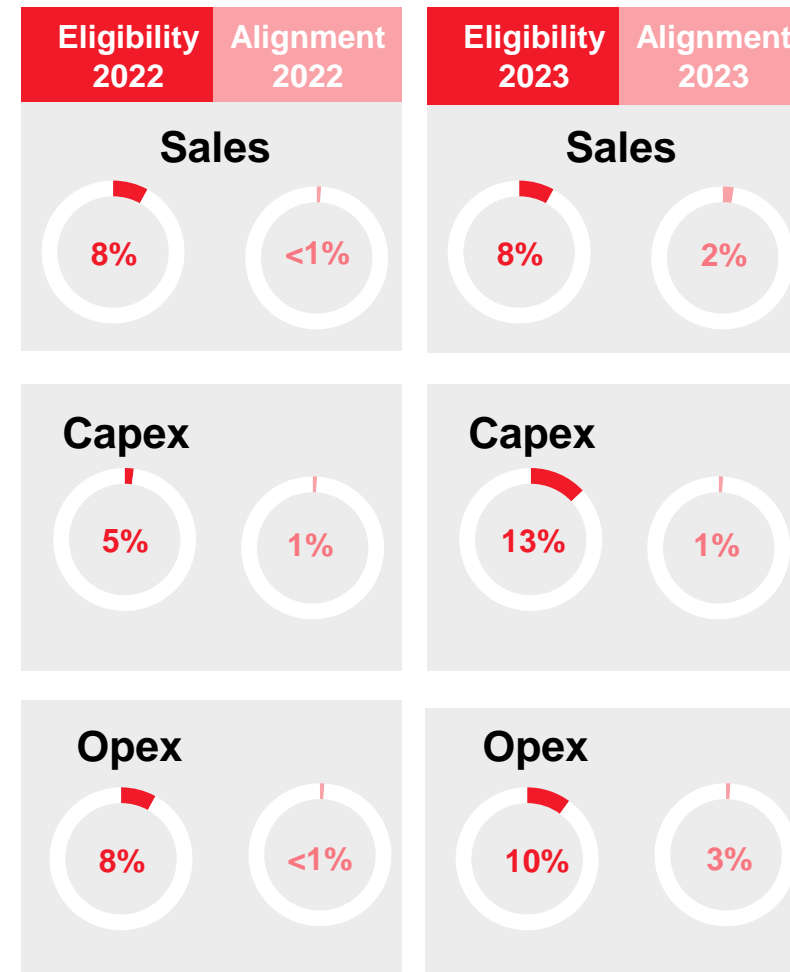
MOODY'S
ANALYTICS¹

¹ Formerly known as Vigeo Eiris

Our activities account only for minor CO₂e emissions, hence only minor taxonomy-eligibility

EU Taxonomy as one element of the EU's Green Deal

- For alignment with EU Taxonomy, assessment of¹:
 - Substantial contribution to one of six environmental objectives (so far, only “climate change mitigation” & “climate change adaptation” determined)
 - While doing no significant harm (DNSH) to any of the other objectives
- Taxonomy focuses on 93% of European Scope 1 CO₂e emissions; all other activities without material CO₂e emissions currently labeled as taxonomy-non-eligible
- Positive signal: Our minor share of taxonomy eligible activities was reduced even further through the carve-out of our HPM business unit into the joint venture with Advent**



Our low taxonomy-eligibility reflects our low emission profile

¹ In addition, minimum social safeguards must be guaranteed.

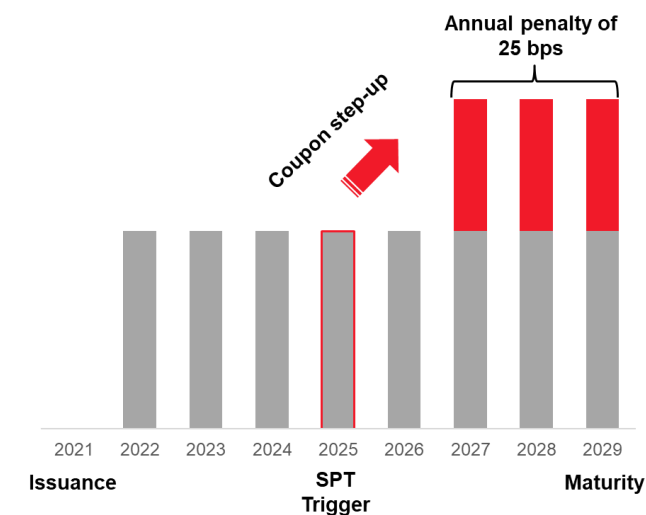
We have also embedded sustainability targets in our financing strategy

Sustainable revolving credit facility

- In 2019, consortium of 12 banks agreed upon parameters
- Volume of €1 bn
- Interest rate terms linked to two parameters:
 - Reduction of CO₂ emissions (Scope 1)
 - Increase in the proportion of women in management

Sustainability-linked bonds (SLB)

- Successful placement of two sustainability-linked bonds within our SLB financing framework
- Interest rate of bonds linked to reduction of CO₂ emissions
- If the target is missed, the interest rate will increase by 25 bps p.a. for subsequent interest periods until maturity
- Example bond 2021: €600 m, tenor: 8 years, coupon: 0.625 %



Maturity profile of 2021 SLB

Innovative sustainable financing concepts will enable us to achieve better financing conditions



On course for a more sustainable environment

Sustainability at the core of our strategy:

- ✓ Overarching targets
- ✓ Anchored in management remuneration
- ✓ Sustainability-linked financing
- ✓ Supporting a sustainable economy with activities and products



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Please contact us for more information on ESG...



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- [Sustainability Website](#)
- [Annual Report 2023](#)
- [Articles of Association](#)
- [Business Partner Code of Conduct](#)
- [Code of Conduct](#)
- [Compensation Report 2023](#)
- [Corporate Policy](#)
- [ESG Data Factsheet \(KPI overview\)](#)

- ESG Background Papers on:
 - [Climate](#)
 - [Water](#)
 - [Working at LXS](#)
 - [Value Chain Circularity](#)
 - [Product Portfolio](#)
- [Position on Human Rights](#)
- [Political Activities](#)
- [Political Positions](#)
- [Taxation Policy](#)

LANXESS

Energizing Chemistry

The taxonomy climate criteria (1 & 2) cover activities responsible for 93% GHG emissions in the EU

Activities	Definition	Industry perspective
Enabling activities e.g., Construction of solar photovoltaic technology	Activities which are needed to become climate neutral	<ul style="list-style-type: none">▪ In general, only the last value-chain step covered▪ Chemicals <u>not</u> considered by definition
Transformational activities e.g., Manufacturing of plastics and of bulk chemicals	Activities which need to transform because they have high GHG emissions today	<ul style="list-style-type: none">▪ Transformation pathways (“alignment”):<ul style="list-style-type: none">– Chemicals: Technology (Capex)– Plastics: Raw material change (no Capex)
All activities <u>not</u> covered by taxonomy criteria 1 & 2 e.g., Manufacturing of specialty chemicals	Activities which in total <u>do not</u> have high GHG emissions today	<ul style="list-style-type: none">▪ Activities should be considered as “aligned” per se

