

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

Introduction

This statement sets out LANXESS's actions to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. This statement relates to actions and activities during the financial year 2016.

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

Human Rights

Respectful and fair treatment of all stakeholders is a key pillar of our corporate culture that is reflected in our core values of respect, ownership, trust, professionalism and integrity. As a global enterprise, we are committed in all our markets and supply chains to promoting respect for human rights at all times and systematically preventing child and forced labor. At LANXESS, human rights and ethical principles apply without restriction, even if they are not stipulated in the legislation of individual countries. The respective site management, supported by local compliance officers, is directly responsible for ensuring the observance of human rights at all times. At Group level, human rights are subject to regular evaluation as part of our risk management system.

At the beginning of 2016, we performed a risk assessment that specifically addressed human rights in five countries (Brazil, China, Germany, South Africa and the United States). This confirmed that there is a high level of awareness for the subject and that suitable mechanisms are in place to prevent human rights violations. Furthermore, all organizational units at LANXESS and their business activities are subject to regular internal and external compliance audits. It goes without saying that these activities also include monitoring respect for human rights and – if necessary – the introduction of suitable measures to guarantee this. In fiscal 2016, audits were performed at 17 country units, which equates to around 60 % of our sites worldwide.

Human rights principles are so firmly anchored in LANXESS's corporate culture that we do not consider further training to be necessary. Our Code of Conduct includes unambiguous instructions regarding the respect of human rights. The code, which every new employee receives with their employment contract, is also an aspect of general training measures. We have no reports or knowledge of any systematic discrimination against LANXESS employees. This includes discrimination on the basis of race, skin color, age, gender, sexual orientation, origin, religion, disability, trade union membership or political opinion. In individual

cases, misconduct by employees in respect of colleagues or third parties was reported. We will not tolerate verified misconduct and it will result in appropriate disciplinary measures up to and including dismissal. Such incidents are processed decentrally at LANXESS and there is no central reporting system.

All acquisitions of companies or interests in companies are subject to a careful due diligence process to ensure that human rights are also respected by the target company. Significant suppliers of goods and services are regularly the subject of supplier assessments that include aspects such as compliance with our Supplier Code of Conduct. As well as a duty to respect human rights, this code includes the obligation not to use child labor or forced labor. In fiscal 2016, we received no reports or other indications of human rights violations by our suppliers. The same applies to child labor and forced labor.

Alignment to international standards and frameworks

The U.N. Global Compact is the world's biggest and most important initiative for responsible corporate governance. On the basis of ten universal principles, it pursues the vision of an inclusive and sustainable global economy that benefits all people, communities and markets. As a signatory, we acknowledge these principles to be an inalienable right. We again renewed our commitment to the U.N. Global Compact for the 2016 reporting year.

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

Among the internationally recognized principles of business activity to which we are committed are the employment standards of the International Labour Organization, an agency of the United Nations. These are aimed at ensuring compliance with globally recognized social standards and thereby improving the employment and living conditions of all people.