

Report of the Supervisory Board

DEAR STOCKHOLDERS,

Fiscal year 2021 was shaped by numerous challenges coinciding. While many of our customer markets recovered over the course of the year, in some cases significantly, and increased demand led sales to grow by a double-digit percentage, prices for our raw materials increased massively at the same time. In addition, the impact of the coronavirus pandemic continued to cause business restrictions and resulted in wide-scale disruption to global supply chains. Insufficient transport capacity and associated longer storage periods meant significant increases in freight costs. Particularly in the second half of the year, an unprecedented increase in energy prices began. Numerous extraordinary effects such as weather-related downtimes, supplier failures, and the terrible accident at CURRENTA also made a negative impact. In this adverse environment, LANXESS managed to increase its earnings by 17% to over a billion euros.

In the past fiscal year, LANXESS systematically continued on its chosen path to strategic advancement. On the one hand, the disposal of the Leather business unit was completed with the sale of the chrome ore mine in South Africa and of the organic leather business. On

the other hand, the Consumer Protection segment was strengthened in particular by the acquisition of Emerald Kalama Chemical, a transaction in the billions. This set the course for a significantly higher proportion of specialty chemicals in the portfolio. In addition, LANXESS entered the high-growth battery chemicals market via a cooperation with Tinci, the Chinese manufacturer of lithium-ion battery materials.

As in previous years, sustainability and especially environmental protection remained focus areas for LANXESS. Additional reductions in emissions, e.g. through the nitrous oxide reduction facility in Antwerp, brought LANXESS closer to its goal of climate neutrality. The year also saw the purchase of initial quantities of sustainable raw materials, the setting of a new, ambitious target for women in management, and the successful issue of a first bond linked to sustainability targets. In addition, the new compensation system for the Board of Management announced in the previous year was approved by the Annual Stockholders' Meeting. As of January 2021, compensation is now tied to the achievement of two sustainability targets. Our efforts have again been rewarded with upgrades in various external sustainability ratings.

For fiscal year 2022, we expect a continuingly strained environment with political uncertainties and high raw material, energy and logistics costs. We are nevertheless confident that we will master these challenges and make LANXESS an even more resilient and profitable company.

During the reporting year, the Supervisory Board once again duly and fully performed the tasks and duties incumbent upon it under the law, the articles of association and the rules of procedure for the Supervisory Board. It regularly advised the Board of Management in its management of the company and monitored its activity. In the process, we were satisfied at all times by the legality, usefulness and propriety of the Board of Management's work.

The Supervisory Board was directly involved in all decisions of fundamental importance for the company. The Board of Management informed us regularly in written and oral reports about business performance, the situation of the Group, including the risk situation and risk management, strategic development, compliance, management development, the Group's digitalization projects and current issues. On the basis of these reports, we discussed significant business transactions in detail.

We thoroughly examined the reports and the resolutions proposed by the Board of Management and discussed them at length in meetings of the full Supervisory Board and its committees. If the law, articles of association or other provisions required the Supervisory Board to approve the actions of the Board of Management, we discussed these actions in detail and adopted resolutions on them.

The chairs of the Supervisory Board/Presidial Committee and Audit Committee and the Board of Management were in regular contact outside of the Supervisory Board's meetings and discussed in particular the company's current situation and material transactions.

PRINCIPAL TOPICS DISCUSSED BY THE SUPERVISORY BOARD

The Supervisory Board met a total of six times in the reporting year. We regularly discussed the sales and earnings performance of the Group and its segments, as well as the financial position. Additionally, the Board of Management kept us updated about the effects of the coronavirus pandemic on LANXESS, the overall state of the economy, the situation in the chemical industry, the development of raw material, energy and logistics costs, the performance of LANXESS stock, restrictions in logistics chains, investment and acquisition plans, and sustainability issues. The Supervisory Board addressed the following important issues:

At an extraordinary meeting of the Supervisory Board on February 11, 2021, the Board of Management gave us a detailed presentation on the project to acquire the U.S.-based Emerald Kalama Chemical. The Supervisory Board conducted a thorough discussion of the opportunities and risks of the acquisition. As a result, we resolved to approve the acquisition of Emerald Kalama Chemical as proposed by the Board of Management.

The focus of the Supervisory Board's financial statements meeting held on March 10, 2021, was the review of the annual financial statements and consolidated financial statements for fiscal year 2020 and the proposal for use of the distributable profit. We discussed and approved the non-financial Group report 2020, which shows the sustainability aspects pursued by the company. In addition, the Supervisory Board resolved upon the motions for resolution by the Annual Stockholders' Meeting, which due to the pandemic situation is to be held in virtual format again, including the description of the compensation system for the Board of Management. The Board of Management then presented the internal control, risk management and auditing systems, and we satisfied ourselves of their efficacy. In addition, the Supervisory Board decided upon the variable compensation for the Board of Management members for fiscal year 2020 on the basis of the identified target attainment.

At the meeting on May 11, 2021, the Board of Management informed us about the status of the preparations for the upcoming virtual Annual Stockholder's Meeting. The Board of Management also gave us a full report on environmental protection and occupational and plant safety, which was subsequently discussed by the full Supervisory Board. In addition, it informed us about the goals and core issues of the sustainability management pursued at LANXESS and about the organizational measures such as the establishment of the Sustainability Committee. The company also gave us a comprehensive overview of the compliance management system. The focus was on the information security management system. The Board of Management reported on the measures initiated to strengthen information security at LANXESS and provided a preview of the measures planned for the current year and beyond.

At the meeting on August 10, 2021, we and the Board of Management again dealt with a strategically significant M&A project at the company. As a result of the extensive discussions, we approved the acquisition of the Microbial Control business from International Flavors & Fragrances Inc. In connection with a Board of Management personnel decision, we furthermore resolved to reappoint Dr. Anno Borkowsky as a member of the Board of Management of LANXESS AG with effect from June 1, 2022. The Board of Management also reported on the impact of the explosion of Currenta's incinerator plant and potential effects on LANXESS.

At the meeting on November 3, 2021, we took an in-depth look at the economic performance of the company's plastics business, which is bundled in the High Performance Materials (HPM) business unit. To secure and further strengthen the HPM business, whose attractive compounds market segment is undergoing strategic realignment and continuing consolidation, we argued in support of the internal legal independence of the HPM business proposed by the Board of Management. The Board of Management also gave us a report on financial policy and financial management at LANXESS. We elected the new member of the Supervisory Board, Iris Schmitz, as a member of the Audit Committee and a member of the Mediation Committee. Finally, the Supervisory Board resolved to amend the wording of the articles of association with regard to the Board of Management's decision to reduce the company's capital stock by withdrawing the treasury shares repurchased in 2020.

At its meeting on December 7, 2021, the Supervisory Board reviewed in full and approved the corporate planning for 2022 proposed by the Board of Management. We also had a detailed discussion about the company's strategic alignment – including sustainability aspects – and capital expenditure policy. After reviewing compliance with the recommendations and suggestions of the German Corporate Governance Code (GCGC), we resolved to issue a declaration of compliance. The Supervisory Board also dealt in detail with the development of the compensation of the Board of Management members. On the basis of an external review of appropriateness, we came to a decision on the adjustment of the Board of Management members'

annual base salary. The Supervisory Board also defined the conditions for the Board of Management's variable compensation components and target total compensation for fiscal year 2022. Lastly, we conducted a thorough discussion of the conditions of a new Long-Term Stock Performance Plan for the years 2022–2025, whose launch we subsequently approved.

All members of the Supervisory Board and its committees performed their duties diligently and conscientiously. The stockholder representatives and employee representatives to the Supervisory Board always worked together in a spirit of trust. They regularly held separate meetings at which they prepared the meetings of the full Supervisory Board.

The members of the Board of Management attended the Supervisory Board meetings unless the Chairman of the Supervisory Board determined otherwise and the Supervisory Board met without the attendance of the members of the Board of Management.

The attendance at meetings of the Supervisory Board and its committees was 100%. Due to the special circumstances of the coronavirus pandemic, the meetings were held in person in August and November, otherwise virtually. The attendance of Supervisory Board members at meetings of the Supervisory Board and the committees is disclosed individually:

Individual Disclosure of LANXESS AG Supervisory Board Members' Meeting Attendance in Fiscal Year 2021

Supervisory Board members	Supervisory Board		Presidial Committee		Audit Committee		Nominations Committee		Total	
	Attendance	%	Attendance	%	Attendance	%	Attendance	%	Attendance	%
Dr. Matthias L. Wolfgruber, Chairman	6/6	100	4/4	100			3/3	100	13/13	100
Ralf Sikorski, Vice Chairman	6/6	100	4/4	100					10/10	100
Birgit Bierther	6/6	100	4/4	100					10/10	100
Werner Czaplík (until Sep. 30, 2021)	4/4	100			3/3	100			7/7	100
Armando Dente	6/6	100			4/4	100			10/10	100
Dr. Hans-Dieter Gerriets	6/6	100			4/4	100			10/10	100
Dr. Heike Hanagarth	6/6	100							6/6	100
Pamela Knapp	6/6	100			4/4	100			10/10	100
Lawrence A. Rosen	6/6	100			4/4	100	3/3	100	13/13	100
Iris Schmitz (from Oct. 1, 2021)	2/2	100				100			2/2	100
Manuela Strauch	6/6	100	4/4	100					10/10	100
Hans van Bylen	6/6	100	4/4	100	4/4	100			14/14	100
Theo H. Walthie	6/6	100	4/4	100			3/3	100	13/13	100

WORK OF THE COMMITTEES

The Supervisory Board has four committees: the Presidial Committee, the Audit Committee, the Nominations Committee and the Committee formed pursuant to Section 27, Paragraph 3 of the German Codetermination Act. The committees are tasked with preparing the topics and resolutions to be discussed at meetings of the full Supervisory Board. They also, at times, exercise decision-making powers conferred on them by the Supervisory Board.

The Presidial Committee convened four times during the reporting year to prepare the meetings of the Supervisory Board and the decisions to be reached by the full Supervisory Board at its meetings concerning human resources measures in the company's Board of Management.

The Audit Committee met four times during the year. It dealt in particular with the annual financial statements of LANXESS AG, the consolidated financial statements and the combined management report for fiscal year 2020, the quarterly statements issued during fiscal year 2021, and the condensed consolidated financial statements and interim management report included in the 2021 half-year financial report. It also reviewed the company's risk management and internal control systems. The Audit Committee also dealt with the concept for approving non-audit services and the non-financial Group report 2020. Utilization of production capacity was another regular topic. Other topics discussed were the significant findings by the internal audit department, corporate planning and compliance, the perception of LANXESS on the capital

market, and the determination of the principal areas of focus for the audit of the 2021 financial statements. The Committee also found out about the Group's liquidity management, strategies to hedge currency risks, and the recent audit of OTC derivatives contracts pursuant to Section 32 of the German Securities Trading Act. Lastly, information security at LANXESS was discussed in detail, as well as the processes for accounting, risk assessment, and the monitoring of environmental provisions. The external auditor reported on the auditing activities at two of the four Audit Committee meetings.

The Nomination Committee met three times in fiscal year 2021. It prepared the Supervisory Board's nomination of stockholder representatives for the Supervisory Board elections. The Committee formed pursuant to Section 27, Paragraph 3 of the German Codetermination Act did not need to convene.

The chairmen of the committees each reported on the meetings and the work of the committees at the meetings of the full Supervisory Board.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

The Supervisory Board also dealt intensively with the company's corporate governance in the past fiscal year. The joint declaration of compliance made by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act can be viewed by stockholders at any time on the company's website. As expressed in the declaration, LANXESS AG

currently complies with all the GCGC's recommendations bar one exception. No conflicts of interest on the part of Supervisory Board members became known last year. Further information about corporate governance can be found in the Board of Management's declaration pursuant to Sections 289f and 315d of the German Commercial Code.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements prepared by the Board of Management of LANXESS AG in accordance with the rules of the German Commercial Code, the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and the combined management report for fiscal year 2021 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, the auditor appointed by the Annual Stockholders' Meeting on May 19, 2021, and engaged by the Supervisory Board. The auditor issued an unqualified opinion in each case. The auditor carried out the audit in accordance with Section 317 of the German Commercial Code and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC according to a selection procedure implemented by the company. The auditor responsible for the audit was Jörg Sechser.

The Supervisory Board convinced itself of the independence of the auditor and the persons acting on the auditor's behalf.

The audit reports and the documents relating to the financial statements were discussed at length with the Board of Management and the auditor at the Audit Committee meeting held on March 9, 2022. They were also discussed in detail on the basis of the required documents and notes at the Supervisory Board's financial statements meeting held on March 10, 2022. The responsible auditor was present for the discussions concerning the financial statements of LANXESS AG and the consolidated financial statements of the LANXESS Group. He reported on the scope, focus areas and significant findings of the audits and went into particular detail on the key audit matters. He was also available to the Audit Committee and full Supervisory Board to provide additional information.

Based on the recommendation of the Audit Committee as well as on its own review and in-depth discussions about the financial statements of LANXESS AG, the consolidated financial statements of the LANXESS Group, the combined management report and the proposal for appropriation of the profit, the Supervisory Board endorsed the auditor's conclusions and had no objections to raise. The Supervisory Board has approved the annual financial statements of LANXESS AG and the consolidated financial statements of the LANXESS Group, which were prepared by the Board of Management. The Supervisory Board endorsed the Board of Management's proposal for use of the distributable profit after close examination and extensive deliberations that carefully weighed the best interests of the company and the stockholders.

CHANGES IN THE SUPERVISORY BOARD

The composition of the Supervisory Board changed in fiscal year 2021. On September 30, 2021, the long-standing Supervisory Board member Werner Czaplík resigned from the Board as an employee representative due to his retirement. By order of Cologne District Court of September 8, 2021, Iris Schmitz was appointed as an employee representative on the Supervisory Board of LANXESS AG with effect as of October 1, 2021.

The Supervisory Board thanks the members of the Board of Management, all of the Group's employees around the world and the employee representatives for their extraordinary commitment and outstanding work in fiscal year 2021.

Cologne, March 10, 2022
The Supervisory Board



Dr. Matthias L. Wolfgruber
Chairman