

# Welcome to your CDP Water Security Questionnaire 2022

## W0. Introduction

### W0.1

#### **(W0.1) Give a general description of and introduction to your organization.**

LANXESS is a leading specialty chemicals company with sales of EUR 7.6 billion in 2021. The company currently has about 14,900 employees in 33 countries (production sites in 19 countries). The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, additives, specialty chemicals and plastics.

LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World and Europe), ISS (“prime” status), MSCI (AA rating), FTSE4Good, CDP Climate “A” listed and signatory to the UN Global Compact

For LANXESS, acting sustainably means being ready for the future. So we are in a position to withstand uncertain times: We are stable, use resources sparingly, take social responsibility, and do business from a long-term perspective. With this entrepreneurial mindset, which is firmly rooted in our strategy, we take our global responsibility and make an important contribution to the future.

As a specialty chemicals enterprise operating worldwide, we believe that developing efficient technologies that protect the environment is a well-founded strategy for securing the long-term growth of our company. Every business decision at LANXESS takes into account the company’s responsibility for society, environment, climate, and business results. Regardless of where we do business, we are a leading provider of quality solutions. This means that we not only supply our clients with high-quality products, but also actively enable their own innovation and sustainable processes along their value chain.

LANXESS is serious about climate and water protection - both in terms of its own footprint and with regard to the benefits to society. “Climate Action and Energy Efficiency” and “Safe and sustainable sites” are two of our five material sustainability topics and as such incorporated into all strategy processes and integral part of LANXESS Corporate Strategy, the group wide risk management system and the agenda of all relevant operational committees.

Water plays an important role, especially when it comes to climate change. Access to clean drinking water is not only crucial for the nutrition and health, but also an important economic factor. The Sustainable Development Goals examine various facets of water comprehensively throughout its framework, including wastewater reduction, water efficiency and water management. The sensitive handling of the scarce resource of water is therefore a future-safe

approach - especially at locations in water stressed areas where there are problems with availability, quality and/or access to water. As a chemical company, we rely on water for our production activities. We use it mainly for cooling, as an input material in chemical processes and products or in the form of steam. In addition, rivers are important for transportation. Through access to drinking water and sanitation facilities at our sites, we are also meeting our responsibility to our employees. In addition, beyond our own production processes we are using our knowledge and experience to develop products and technologies which enable water savings or increase availability. The Business Unit Liquid Purification Technologies (LPT) with the development and production of ion exchange resins is an important example for that. Ion exchange resins are used to remove dissolved substances from liquids. Water treatment is the best-known and biggest field of application for ion exchange resins. In household, such applications are used among others to soften water. Ion exchange resins are also used in industry, for example in power generation. They are used in the production of ultra-pure boiler feed water and steam to avoid incrustations and corrosion. This improves the efficiency, operating reliability and lifetime of power plants. In the cleaning of industrial effluent and treatment of groundwater, the removal of toxic substances plays a key role. LANXESS offers a range of special resins that are able to selectively remove, for example, heavy metal ions and organic pollutants from (waste) water. Thus contributing to SDG 6 actively.

All data above as per May 15th. 2022.

Forward-Looking Statements: The answers to the questions of the CDP contain forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

## W-CH0.1a

**(W-CH0.1a) Which activities in the chemical sector does your organization engage in?**

- Bulk organic chemicals
- Bulk inorganic chemicals
- Specialty organic chemicals
- Specialty inorganic chemicals
- Other, please specify

## W0.2

**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1, 2021	December 31, 2021

## W0.3

**(W0.3) Select the countries/areas in which you operate.**

- Argentina

Australia  
Belgium  
Brazil  
Canada  
China  
France  
Germany  
India  
Italy  
Japan  
Mexico  
Netherlands  
Russian Federation  
Singapore  
South Africa  
Taiwan, China  
United Kingdom of Great Britain and Northern Ireland  
United States of America

Only countries with LANXESS production sites are listed. The aggregate data refer to all LANXESS production sites in which the company holds an interest of more than 50%.

## W0.4

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

EUR

## W0.5

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which operational control is exercised

The aggregate data refers to all LANXESS production sites in which the company holds an interest of more than 50%.

## W0.6

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

Yes

## W0.6a

**(W0.6a) Please report the exclusions.**

Exclusion	Please explain
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All production sites related to the business unit Leather are excluded from the 2021 reporting.	In 2019 the board decided to divest the business unit "Leather chemicals", therefore they were reported under discontinued operations for this reporting year (2021). Also, the sites for which LANXESS does not hold more than 50% of stakes are not considered for our data reporting. They are not part of the reported LANXESS revenue or EBITDA. We have adjusted the environmental data accordingly. In 2021, the business unit leather made for approx. 0.3% of withdrawals, 0.2% of discharges and 1% of water consumption volumes compared to LANXESS total.
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## W0.7

**(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	DE0005470405
Yes, a SEDOL code	B1N8XZ3
Yes, a CUSIP number	D5032B102

## W1. Current state

### W1.1

**(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	<p>Direct use: Good quality fresh water is vital for our production activities, product quality and ensuring long-life of our equipment. More than 99% of total water withdrawn by the company are freshwater amounts withdrawn from surface water, groundwater, rainwater, third-party water and water in the form of steam.</p> <p>Usage: The primary use of freshwater is in the form of cooling water (approx. 81% of withdrawn freshwater). Other uses include steam generation, as a solvent and as a product or process input.</p> <p>What makes it vital: Freshwater is crucial in keeping the maintenance, water pre-treatment costs at minimum and maintaining the good quality of our products. Example: If salt water from seas is used as cooling water, it will cause scaling</p>

			<p>in the pipes resulting in high maintenance costs. Similarly, using low quality water can lead to corrosion or slime formation inside the piping network.</p> <p>Indirect use: There is an indirect dependency on freshwater because of the energy (in form of steam) and other raw materials supply from a third-party supplier.</p> <p>Usage: Our raw material and energy suppliers use water as coolant, solvent or raw material for their own production. For some of our biggest sites in Germany we source steam to meet our energy requirements for production.</p> <p>What makes it vital: The requirements are very product specific and hence, it's vital that our suppliers keep up with the production quality and quantity of supplied goods. Also, we source a lot of steam from third-party suppliers for some of our biggest sites in Germany (makes for 82% of externally bought steam). Using good quality water is a prerequisite for water used to generate steam.</p> <p>Future trends: For both direct use and Indirect use the requirement for freshwater will mostly remain unchanged. However, increased production, new acquisitions and a change in product portfolio might alter the situation.</p>
<p>Sufficient amounts of recycled, brackish and/or produced water available for use</p>	<p>Not very important</p>	<p>Not very important</p>	<p>Direct use: We have a direct use of very small amounts of brackish water at few of our production sites. The sites take the wastewater from the local community and process it on-site for being utilized in production processes.</p> <p>Usage: It is a readily available source of water for few of our production sites. After treatment it can be used as product and process inputs.</p> <p>What makes it not very important: There are alternative sources of water available in case of a situational change. Overall, there is a very low dependency on this water type and that makes it not very important from a group perspective (approx. 0.05% of total water withdrawn).</p> <p>Indirect use: The brackish water ways are used for transportation purposes by our suppliers and</p>

			<p>might be used as product or process input.</p> <p>Usage: It is an economically feasible means of transportation.</p> <p>What makes it not very important: Alternative means of transportation or input source can be used which makes this water source not critical for us.</p> <p>Future trends: The dependency on this source of water for both direct and indirect use will remain the same unless a change in product portfolio, production rates is made or new acquisitions are made.</p>
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## W1.2

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	<p>Frequency: Continuously</p> <p>Measurement: Invoices, flow metering, calculations based on the reported data</p> <p>We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: Apart from a continuous monitoring of collected data on-site, it is reported into an internal and central data base system called "HSE Performance Data". On a quarterly basis, water-related KPIs (besides other environmental-relevant KPIs) are reported into the system by site personnel. After a defined control process, the data is externally verified and published in our annual report. Regarding water quantity LANXESS measures total water withdrawals and withdrawals by source (groundwater, surface water, third party water, rain water, sewage water) for all the production sites. The HSE Performance Data system is based on the requirements of the GRI Standard.</p>
Water withdrawals – volumes by source	100%	<p>Frequency: Continuously</p> <p>Measurement: Flow metering, invoices, allocation of data</p> <p>We measure, document and report</p>

		<p>environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: Apart from a continuous monitoring of collected data on-site, it is reported into an internal and central data base system called "HSE Performance Data". After a defined control process, the data is externally verified and published in our annual report. Regarding water quantity LANXESS measures water withdrawals by source (groundwater, surface water, third party water, rain water, sewage water) for all the production sites. The HSE Performance Data system is based on the requirements of the GRI Standard.</p>
Water withdrawals quality	100%	<p>Frequency: Continuously</p> <p>Measurement: Sample taking, laboratory testing</p> <p>We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: Quality controls of water withdrawals are the responsibility of the production site. According to their permit and operating instructions the personnel on site makes sure to get the amounts and quality of water they need for production processes.</p>
Water discharges – total volumes	100%	<p>Frequency: Continuously</p> <p>Measurement: Flow metering, invoices, calculation based on the reported data</p> <p>We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: Environmental data is collected and monitored within an internal data base system called "HSE Performance Data". On a quarterly basis, water-related KPIs (besides other environmental-relevant KPIs) are reported into the system by site personnel. After a defined control process, the data is externally verified and published in our annual report. Regarding water discharge LANXESS measures total water discharge for all the production sites. Two new KPI's were introduced namely "the other discharges to third-party" and "water given away</p>

		as an energy carrier" for more accurate accounting of water discharge volumes. The HSE Performance Data system is based on the requirements of the GRI Standard.
Water discharges – volumes by destination	100%	<p>Frequency: Continuously                      Measurement: Flow metering, invoices, calculation based on the reported data                      We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: Environmental data is collected and monitored with an internal data base system called "HSE Performance Data". On a quarterly basis, water-related KPIs (besides other environmental-relevant KPIs) are reported into the system by site personnel.</p> <p>For this reporting year, new KPIs were introduced to record values for water discharge by source (Discharge to surface water, sea, groundwater and third-party) for both, treated and untreated waste water as well as the once-through cooling water for all the production sites. After a defined control process, the data is externally verified and published in our annual report. The HSE Performance Data system is based on the requirements of the GRI Standard.</p>
Water discharges – volumes by treatment method	100%	<p>Frequency: Continuously                      Measurement: Invoices, Allocation of discharge data by treatment category (treated or untreated)                      We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: Environmental data is collected and monitored with an internal data base system called "HSE Performance Data". On a quarterly basis, water-related KPIs (besides other environmental-relevant KPIs) are reported into the system by site personnel. After a defined control process, the data is externally verified and published in our annual report. Regarding water discharge quantities, LANXESS measures water discharges according to the treatment status. We have dedicated KPI's to record the</p>



		volumes of treated and untreated water discharge volumes. All the treated water is considered to be subjected to tertiary level treatment. The HSE Performance Data system is based on the requirements of the GRI Standard.
Water discharge quality – by standard effluent parameters	100%	<p>Frequency: Continuously</p> <p>Measurement: Sampling and laboratory testing</p> <p>We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: Environmental data is collected and monitored with an internal data base system called "HSE Performance Data". On a quarterly basis, water-related KPIs (besides other environmental-relevant KPIs) are reported into the system by site personnel. After a defined control process, the data is externally verified and published in our annual report. Regarding water quality we measure and report on following parameters for all the production sites: nitrogen, total organic carbon and heavy metals. In 2021, new quality parameters like Adsorbable Organic Halides and Persistent Organic Pollutants are added. The sites use internal or external lab results to determine different discharge parameters. The HSE Performance Data system is based on the requirements of the GRI Standard.</p>
Water discharge quality – temperature	100%	<p>Frequency: Continuously</p> <p>Measurement: Continuous recording of temperature readings on the sensors</p> <p>We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.</p> <p>Monitoring: The Maximum temperature of water discharge is strictly regulated in the site permits, therefore all relevant checks and controls are the responsibility of the production site. The temperature measurement is done continuously to assure compliance with the permit limits.</p>

<p>Water consumption – total volume</p>	<p>100%</p>	<p>Frequency: On quarterly-basis                      Measurement: Calculating the consumption amount according to an internal formula and HSE performance data (in accordance with GRI standard).                      We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.                      Monitoring: Environmental data is collected and monitored with an internal data base system called "HSE Performance Data". On a quarterly basis, water-related KPIs (besides other environmental-relevant KPIs) are reported into the system by site personnel. After a defined control process, the data is externally verified and published in our annual report. Water consumption is calculated according to the GRI standard as water discharge volumes subtracted from withdrawal. The water consumption amounts are compared on a quarterly basis to identify huge changes and reasons behind it. The HSE Performance Data system is based on the requirements of the GRI Standard.</p>
<p>Water recycled/reused</p>	<p>100%</p>	<p>Frequency: Continuously                      Measurement: Flow metering, calculation based on the pump capacity and operating hours.                      We measure, document and report environmental data for all our production sites in which the company holds an interest of more than 50%.                      Monitoring: Environmental data is collected and monitored with an internal data base system called "HSE Performance Data". On a quarterly basis, water-related KPIs (besides other environmental-relevant KPIs) are reported into the system by site personnel. After a defined control process, the data is externally verified and published in our annual report. With regards to the water recycled/reuse volumes, a dedicated KPI was introduced in the reporting year to record the reused water volumes. These volumes primarily comprises of the cooling water volumes running in closed-loops. It is either measured through flow-meters or</p>

		calculated by multiplying the pumping capacity and the number of operating hours for each quarter.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Frequency: Risk based, Minimum every 5 years Method: Auditing as part of Compliance Checks Monitoring: Compliance with safety and hygiene standards are regularly verified worldwide in the context of HSE (health, safety, environment) Compliance Checks. Experts examine the implementation of LANXESS guidelines and local regulations.

## W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	217,000	About the same	The total water withdrawn includes the water bought in the form of steam, third-party wastewater (input) and freshwater from third-party sources along with water drawn from freshwater bodies. The total amount of water withdrawn for the year 2021 was about the same compared to the previous year (209,600 megaliters/year). The reason for the similar withdrawal amounts is due to comparable production volumes despite the new acquisitions in 2021. The effects of the pandemic and M&A activities are offsetting each other. Future trends: The future water withdrawal amounts are likely to remain unaltered. A change in the product portfolio or increased production in the future might alter the withdrawal amounts.
Total discharges	204,000	Higher	The total discharge primarily consists of the once-through cooling water, treated and untreated wastewater discharge volumes. The total amount of water discharged in 2021 is higher compared to the last year (194,600 megaliters/ year) due to the new acquisitions. The reported value differs slightly from the published value in the Annual Report 2021

			<p>(209,500 megaliters total consumption) due to more up-to-date information on the newly acquired sites. The deviation from the Annual Report is around 5,500 megaliters, which is due to double accounting of once-through cooling water volumes.</p> <p>Future trends: In future, the discharge amounts are likely to stay the same. A change in product portfolio or production rates can alter the discharge amounts.</p>
Total consumption	12,700	About the same	<p>The total consumption is defined as "the amount of water used by an organization such that it is no longer available for use by the ecosystem or local community in the reporting year" (GRI 303 Water and Effluents 2018).</p> <p>For the reporting year, LANXESS's water consumption is calculated by subtracting the volume of treated and untreated wastewater, and sold waste steam and other discharges to third-party from the total water withdrawal amounts.</p> <p>The resulting consumption amount in 2021 is about the same compared to the previous year (13,300 megalitres/year). The reason for the similar consumption amounts can be attributed to consistent production efficiency in spite of new acquisitions in 2021. The consumption values and the calculation basis are available in our Annual Report.</p> <p>In general, compared to water withdrawal amounts, the water consumption of LANXESS is very low due to the main usage of withdrawn water as once-through cooling water. As this once-through cooling water is uncontaminated, it is released back to the environment at optimum temperature in accordance with local permits.</p> <p>Future trends: In the coming years, the total consumption is likely to stay the same. A change in product portfolio or production rates can alter the consumption amounts.</p>

## W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	Please explain
Row 1	Yes	<p>The water withdrawal data for all our sites is evaluated and monitored in our internal HSE database. On a yearly basis we use the online water tool "WRI Aqueduct" to identify the sites located in waterstress areas. This tool is fed with the information of the location (latitude and longitude) of where our production sites are situated along with choosing a chemical industry specific analysis. The tool thereby identifies the basin location of the site and with its "Baseline Waterstress" risk indicator measures the ratio of total annual water withdrawal to total available annual renewable supply, accounting for upstream consumptive use. The production sites in the locations identified with a high baseline waterstress percentage (40%-80%; &gt;80%) are considered to be in waterstress areas. In the reporting year 2021 a total of 14 sites were identified to be located in waterstress areas. These waterstress sites are spread across 8 countries. Most of these sites are relatively small with only one production unit. Only two of the waterstress sites have multiple production units operating at their location. The overall water withdrawal from these 14 waterstress sites amounted for approximately 2% of the total LANXESS water withdrawal for this reporting year. Which remained about the same compared to the previous year (2020).</p> <p>The water withdrawal from the waterstress areas for reporting year (4,500 megaliters) is about the same compared to previous year (4,700 megaliters). The reason for the similar withdrawal amounts is attributed to consistent production volumes in the sites located in these stress areas.</p>

## W1.2h

**(W1.2h) Provide total water withdrawal data by source.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	57,500	Much higher	Fresh surface water is an important and a readily available source of water for approximately a quarter of our sites. Primary use of this

			<p>water is as cooling water. Most of this cooling water is released back to the water bodies with no contamination as there is no contact with the chemical processes. The amount of fresh surface water intake in 2021 was much higher compared to the previous year (48,400 megaliters). The new acquisitions and a resulting product portfolio change have contributed to the increased volumes.</p> <p>Future trends: The situation is subject to the temperature extremities in summer affecting the once-through cooling water amounts intake, which is released back to the environment uncontaminated. Additionally, the future trend is expected to change if product portfolio and production rates are altered.</p>
<p>Brackish surface water/Seawater</p>	<p>Not relevant</p>		<p>Water withdrawal from Brackish surface water/sea water is not a relevant withdrawal source for LANXESS. Being a chemical company, the major water use is for cooling purposes and brackish surface or seawater is not suitable for being used as cooling water. This type of water can cause scaling and fouling in the piping network. Which may lead to increased maintenance costs.</p> <p>Future trends: The situation</p>

				is likely to stay unchanged as long as the asset portfolio stays the same.
Groundwater – renewable	Relevant	4,600	Higher	<p>Groundwater withdrawal amount constitutes for approximately 2% of our overall water withdrawal amounts . However, it is a very important source of high quality water for some of our production sites.</p> <p>We do not yet differentiate between renewable and non-renewable groundwater supply as a KPI in our HSE performance data, still most of our groundwater supply comes from renewable sources as the sites using groundwater are not located in the countries where the groundwater sources are typically non-renewable (e.g. North Africa, Central Asia etc.,). The groundwater supply in 2021 was higher compared to that of the previous year (4,300 megaliters). The increase is due to the new acquisitions and the resulting portfolio change.</p> <p>Future trends: The situation is expected to be similar, except for when a change in production rates or product and asset portfolio takes place.</p>
Groundwater – non-renewable	Not relevant			We do not yet differentiate between renewable and non-renewable groundwater supply as a KPI in our HSE performance data, still most groundwater supply comes from renewable sources.

				<p>Since, LANXESS does not have sites located in the countries where the groundwater supply is typically non-renewable (e.g. North Africa, Central Asia etc.),. We consider the groundwater volumes we use as renewable.</p> <p>Future trends: For coming years we are planning to include separate KPI's for recording these values. But the situation is likely to stay the same except for new acquisitions in the future.</p>
Produced/Entrained water	Not relevant			There is no produced water amounts that's recorded for any of our sites, since these amounts are negligible in most of the cases and non-existent. Therefore, this category is irrelevant for LANXESS.
Third party sources	Relevant	154,900	About the same	<p>Third party sources of water supply is the primary source of water supply for us. It makes for around 70% of our total water withdrawal amounts. It includes water from third party or municipal providers (main volumes) as well as the water taken in the form of steam and wastewater from third-party sources (Example: At one of our Indian sites sewage water of a nearby community is used for the production processes after treatment on-site).</p> <p>We mainly use this water as a coolant (85% of the total</p>



				<p>third party water supply), other uses are as solvents, process input and drinking water. The water used for cooling is uncontaminated and is released back to the environment. Compared to the previous year (156,900 megaliters) the amounts remained about the same as the new acquisitions have other withdrawal sources.</p> <p>Future trends: The situation is expected to be similar, except for when a change in production rates or product and asset portfolio takes place.</p>
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## W1.2i

**(W1.2i) Provide total water discharge data by destination.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	68,711	About the same	<p>Relevance: The discharges to surface water makes for 33% of our total discharges. It's a legally permitted destination for few of our sites to discharge the once-through cooling water or treated water on-site.</p> <p>Volumes: It mainly contains the once-through cooling water, steam condensate and the water internally treated at a LANXESS owned wastewater treatment plant. At our treatment facilities this water is discharged after relevant quality checks. Sophisticated alert systems are installed to prevent</p>

				<p>accidental discharges.</p> <p>We record this value under a specific KPI in our HSE performance database from the year 2021. For 2020, these values were estimated (65,459,72 megalitres). The reason for the similar discharge amounts is due to comparable production volumes despite the new acquisitions in 2021. The effects of the pandemic and M&amp;A activities are offsetting each other</p> <p>Future trend: Likely to remain the same unless a change in product volumes or asset portfolio takes place.</p>
Brackish surface water/seawater	Relevant	443.73	About the same	<p>Relevance: Although the amount of discharges to this source are very small, it is a readily available source of discharge for few of our sites. It makes for 0.22% of our overall discharges.</p> <p>Volumes: This amount mainly contains steam condensate and the water internally treated at a LANXESS owned wastewater treatment facility. At our treatment facilities this water is discharged after relevant quality checks. Sophisticated alert systems are installed to prevent accidental discharges.</p> <p>We record this value under a specific KPI in our HSE performance database from the year 2021. For 2020, these values were estimated (422.73 megalitres) .The reason for the similar discharge amounts is due to comparable production volumes despite the new acquisitions in</p>

				<p>2021. The effects of the pandemic and M&amp;A activities are offsetting each other</p> <p>Future trend: Likely to remain the same unless a change in product volumes or asset portfolio takes place.</p>
Groundwater	Relevant	5.8	About the same	<p>Relevance: The discharge amounts to groundwater are almost negligible compared to the LANXESS total. However, knowing these volumes is important to close the overall water balance.</p> <p>Volumes: This amount mainly contains the water internally treated at a LANXESS wastewater treatment facility . At our treatment facilities this water is discharged after relevant quality checks. Sophisticated alert systems are installed to prevent accidental discharges.</p> <p>We record this value under a specific KPI in our HSE performance database from the year 2021. For 2020, these values were estimated (5.52megaliters). The reason for the similar discharge amounts is due to comparable production volumes despite the new acquisitions in 2021. The effects of the pandemic and M&amp;A activities are offsetting each other.</p> <p>Future trend: Likely to remain the same unless a change in product volumes or asset portfolio takes place.</p>
Third-party destinations	Relevant	136,888.96	About the same	<p>Relevance: This is the primary discharge source for most of our biggest sites. (Example: Our biggest site in Germany is located</p>

				<p>in a chemical park, where a third-party utilities provider is responsible for complete water handling). It makes for almost 66% of our overall discharges.</p> <p>Volumes: This amount primarily constitutes of cooling water for release to the environment, wastewater for treatment, sold waste steam and other miscellaneous discharges to third-party entities.</p> <p>We record this value under a specific KPI in our HSE performance database from the year 2021. For 2020, these values were estimated (130,411.62 megalitres). The reason for the similar discharge amounts is due to comparable production volumes despite the new acquisitions in 2021. The effects of the pandemic and M&amp;A activities are offsetting each other.</p> <p>Future trend: Likely to remain the same unless a change in product volumes or asset portfolio takes place.</p>
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## W1.2j

**(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.**

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	16,221.4	About the same	81-90	The tertiary treatment level of discharge

					<p>water is relevant for LANXESS. It makes for around 8% of our overall water discharge volumes.</p> <p>Relevance: Being a chemical company we use some water as process input. Water which is contaminated with chemicals and is therefore thoroughly treated at tertiary level which is the highest level of treatment available to prevent any potential contamination to the environment, upon releasing this water.</p> <p>Compliance and regulations: Both the third-party and LANXESS own wastewater treatment plants operate according to the respective</p>
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					<p>national or locally applicable regulations. The discharge limits are adhered to as specified in the local permits. At LANXESS owned treatment plants sophisticated alarm systems are installed to prevent any accidental discharges. A continuous in stream quality check and additional lab-tests are carried out as per requirement. In case of an incident, mitigation measures are predefined and come to action. The discharge streams are subjected to an immediate stoppage as the first-step by default.</p> <p>Measurement method and constituents: We record this value under a</p>
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					<p>specific KPI in our HSE database. The sites also report the volumes they release to a third-party wastewater treatment facility for further treatment under this KPI. Approximately 82% of our sites report discharges to a third-party facility for treating their water to tertiary level and discharging it according to the local permits. The rest of the sites have their own treatment facility and treat the wastewater on site. Compared to the last year values (15,456.93 megaliters), the reason for the similar amounts is due to comparable production volumes despite the new acquisitions in 2021. The</p>
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					<p>effects of the pandemic and M&amp;A activities are offsetting each other.</p> <p>Future trend: The trend for the coming years is likely to remain the same unless there is a change in product or asset portfolio.</p>
Secondary treatment	Not relevant				<p>Being a chemical company, we have a major use of water as cooling water. The cooling water does not come in direct contact with the chemical processes and stay uncontaminated. However, we also use some amount of water as a process input, which results in contamination of this water. We treat any contaminated water to the highest level of treatment, that is the tertiary level. The</p>



					<p>treatment is not limited to secondary or primary level of treatment in case the water has come in contact with the chemical processes, we treat it to the maximum level before releasing it back to the environment.</p> <p>Therefore, the wastewater volumes treated to the secondary treatment level is not relevant for LANXESS.</p>
Primary treatment only	Not relevant				<p>Being a chemical company, we have a primary use of water as cooling water. The cooling water does not come in direct contact with the chemical processes and stay uncontaminated. However, we also use some amount of water as a process input,</p>

					<p>which results in contamination of this water. We treat any contaminated water to the highest level of treatment, that is the tertiary level. The treatment is not limited to secondary or primary level of treatment in case the water has come in contact with the chemical processes, we treat it to the maximum level before releasing it back to the environment.</p> <p>Therefore, the wastewater volumes treated to the primary treatment level is not relevant for LANXESS.</p>
Discharge to the natural environment without treatment	Relevant	63,072.92	About the same	21-30	<p>The water volumes discharged to the natural environment without treatment is a relevant category for LANXESS. These volumes</p>

				<p>make for around 31% of our overall discharges.</p> <p>Relevance: Being a chemical company we use water primarily as cooling water. This cooling water does not come in contact with the chemical processes and is not contaminated. After checking relevant quality parameters like temperature, pH and other local permit specific parameters if any, this water is directly released to the local water bodies.</p> <p>Compliance and regulations: The release of the cooling water to the environment is done according to the local permits and environmental guidelines</p>
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				<p>specified by the local authority. The quality parameters and limits specified in the local permits is adhered to strictly. To prevent any contamination in case of accidental releases sophisticated alarm systems are installed. In case of an incident, mitigation measures are predefined and come to action.</p> <p>Measurement method and constituents: This volume of directly discharged water to the natural environment without treatment was recorded under a specific KPI from 2021. For the year 2020 these volumes were estimated based on the ratio reported for Q1 of 2021. These volumes primarily</p>
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					<p>constitute of once-through cooling water amounts. Compared to the updated estimated numbers for 2020 (58,430.47) the reason for the similar amounts is due to comparable production volumes despite the new acquisitions in 2021. The effects of the pandemic and M&amp;A activities are offsetting each other..</p> <p>Future trend: The trend for the coming years is likely to remain the same unless there is a change in product or asset portfolio.</p>
Discharge to a third party without treatment	Relevant	126,755.21	About the same	31-40	<p>The water volumes discharged to a third party without treatment is a relevant category for LANXESS. Around 60% of overall</p>



					<p>discharges are made to a third-party.</p> <p>Relevance: Being a global company, we have some sites where we have a third-party entity which handles our discharged water in accordance to our local permits. For example, one of our big sites in Germany, Leverkusen is situated in a Chemical park, where we have a central third-party utility providers who handles all our water which needs treatment and also the cooling water amounts which can be released directly to a local water body. Therefore, this is a relevant category for us.</p> <p>Compliance and regulations: The release of</p>
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					<p>the water to the third-party is carried out according to the agreed procedures as specified in the contracts between the two parties. LANXESS collaborates only with a verified and locally permitted wastewater treatment plants, wherever we use these services globally.</p> <p>Measurement method and constituents: The discharge volumes to a third-party without treatment were recorded under a specific KPI from 2021 onward. For the year 2020 this value was estimated based on the ratio reported for this category for Q1 of 2021. This volume primarily</p>
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					<p>consists of once-through cooling water, sold waste steam volumes and other discharges like waste steam or warm water used as a energy carrier to a third-party entity. Compared to the updated estimated numbers for 2020 (117,420.67 megaliters) the reason for the similar amounts is due to comparable production volumes despite the new acquisitions in 2021. The effects of the pandemic and M&amp;A activities are offsetting each other. Future trend: The trend for the coming years is likely to remain the same unless a change in product or asset portfolio.</p>
Other					<p>We have no water volumes treated under a</p>



					special treatment technique.
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### W1.3

**(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.**

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	7,557	217,000	0.0348248848	Based on the trend of the last 5 years, it can be assumed that the value will remain on this level or even decrease. LANXESS uses “Water withdrawal in relation to sales [m³/k€]” as an important KPI. Data from 2017 onward is publicly available in the LANXESS ESG Factsheet. Since 2017 water withdrawal in relation to sales decreased by 33%.

### W-CH1.3

**(W-CH1.3) Do you calculate water intensity for your activities in the chemical sector?**

Yes

### W-CH1.3a

**(W-CH1.3a) For your top five products by production weight/volume, provide the following water intensity information associated with your activities in the chemical sector.**

**Product type**

Other, please specify  
All LANXESS products (Total Sum)

**Product name**

Corporate Water Consumption Intensity

**Water intensity value (m3)**

2.67

**Numerator: water aspect**

Total water consumption

**Denominator**

Ton

## Comparison with previous reporting year

Much lower

### Please explain

We calculate water intensity for different levels of detail, e.g. corporate or plant level. So far we only publish data on corporate level. The water consumption intensity per ton of product is lower compared to the previous year (2020: 3.13; 2021: 2.67). Main reasons are the increased sold production volumes (in tons) compared to the last year and a decrease in water consumption. We calculate the water intensity as total water consumption (in m<sup>3</sup>) divided by the volume of sold products (in tons).

Internally, the HSE Management Dashboard provides a detailed overview on water consumption and withdrawal intensities. The information is available for all management levels at site and for the corporate functions. As trends can be displayed, the data can be used to measure progress, monitor and derive targets.

The intensity is likely to reduce in the coming years. In order to manage the reduction of water consumption, LANXESS derived a target on reducing specific water consumption on a year-to-year basis by 2%. This target illustrates our approach of continuous improvement. LANXESS also has a special focus on the water risk sites, where reduction projects are planned or under discussion. The LANXESS Water Program, started in 2020, provides the strategic framework for our commitments.

Additionally, in accordance with the product stewardship topic, all important product related environmental criteria like emissions, water consumption and waste generation values are critically being assessed and reviewed internally, this can result in implementing specific water projects aimed at reducing product water intensity in coming years. Furthermore, a change in product portfolio and production rate can cause a shift in the amounts.

## W1.4

### (W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

## W1.4a

### (W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

#### Row 1

#### % of suppliers by number

26-50

#### Rationale for this coverage

Background:

As founding member of the Together for Sustainability (TfS) initiative for the Chemical Industry, we value this initiative as core in our engagement for supplier-related sustainability. TfS acts based on a holistic understanding of sustainability, which

includes, among other things, water related issues. On behalf of its members, TfS requests suppliers to report and to participate in either a TfS Audit, and or TfS Assessment. Both yield a score, which is used in LANXESS's supplier management processes (see below).

Selection process and rationale:

LANXESS's selection of suppliers for reporting follows two aims: (a) avoiding supplier related risks, (b) encouragement for sustainability. Thus, this request for reporting is also a cornerstone of our supplier engagement strategy. We focus this engagement in order to make it as efficient and effective as possible.

A number of key factors are considered for the identification of suppliers to participate in this initiative.

Although the procurement spend is the most important factor (very high supplier coverage in terms of spend), we look at various other factors that have a significant impact on the supplier relationship: contract duration, strategic importance, business impact, previous CSR ratings, category and country risks.

Within the Procurement organization, we follow a systematic sustainability risk analysis and strategy approach for new and ongoing business, which plays a key role in the supplier selection for participation in the TfS assessments and/or audits.

This process, known as XCORE, for contract values > €5 mio, and SCORE for contract values between €1m - €5m, has defined Sustainability targeted measures to improve our suppliers' sustainability and thereby gradually lower the LANXESS sustainability risk score. On this basis LXS requests a constantly increasing number of its suppliers to participate in a TfS Audit, and or TfS Assessment, and a constantly increasing number is actually adhering to this.

How suppliers are incentivized to report:

TfS generates supplier scorecards, which are reported to LANXESS on monthly basis. These Scorecard form an integral part of the strategy that the Strategic Buyers presents in his XCORE / SCORE presentation to management, for approval.

Preference is given by LANXESS to a supplier with a favorable score, thereby incentivizing the participation, reporting of the required information and improvement.

## Comment

### W1.4b

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

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#### Type of engagement

Onboarding & compliance

#### Details of engagement

Inclusion of water stewardship and risk management in supplier selection mechanism

**% of suppliers by number**

26-50

**% of total procurement spend**

76-100

**Rationale for the coverage of your engagement**

Background:

As founding member of the Together for Sustainability (TfS) initiative for the Chemical Industry, we value this initiative as core in our engagement for supplier-related sustainability. TfS acts based on a holistic understanding of sustainability, which includes, among other things, water related issues.

On behalf of its members, TfS requests suppliers to report and to participate in either a TfS Audit, and or TfS Assessment. Both yield a score, which is used in LANXESS's supplier management processes (see below).

Explanation of the coverage of our engagement:

LANXESS's selection of suppliers for reporting follows two aims: (a) avoiding supplier related risks, (b) encouragement for sustainability. Thus, this request for reporting is also a cornerstone of our supplier engagement strategy. We focus this engagement in order to make it as efficient and effective as possible.

A number of key factors are considered for the identification of suppliers to participate in this initiative.

Although the procurement spend is the most important factor (very high supplier coverage in terms of spend), we look at various other factors that have a significant impact on the supplier relationship: contract duration, strategic importance, business impact, previous CSR ratings, category and country risks.

**Impact of the engagement and measures of success**

Beneficial water-related outcomes of our engagement:

As outlined above, Together for Sustainability (TfS) is the foundation for our Sustainability engagement with suppliers. TfS Assessments & Audits focus on environmental topics covering water & water management additional to numerous other topics.

This verifies if a suppliers has a water-related environmental policy in place and if they take actions on water management (awareness training, reduction of water intake, water recycling, measures to minimize water quality impacts). Suppliers must report on specific water KPIs (total water consumption).

TfS generates supplier scorecards based on the information received from the suppliers and on the outcomes of the assessments and audits. They are reported to LANXESS on monthly basis and are also presented when the Strategic Buyer (as defined above) presents his purchasing strategy as part of the balanced scorecard. Preference is given by LANXESS to a supplier with a favorable score, thereby incentivizing the participation, reporting of the required information and improvement.

On behalf of its members (e.g. LANXESS) the TfS generates a Corrective Action Plan (CAP) on the basis of the Assessments & Audits. This CAP is used in discussions with the supplier to ensure continuous improvement.

To conclude, the described mechanism yields a strong incentive for suppliers to improve on water management (awareness training, reduction of water intake, water recycling, measures to minimize water quality impacts) and their specific water KPIs (total water consumption).

How success is measured:

Jointly, suppliers' reporting and respective assessment/audits by TfS forms a revolving process. Realization of measures suggested in the Corrective Action Plan (CAP) improves the scoring. Thus we measure success by (a) the improvement of the scoring results of our suppliers over time, (b) the percentage of our suppliers requesting to report actually adhering to this request.

In the year 2021, 1,258 new supplier Assessments were initiated by TfS members via EcoVadis, and 3,429 re-assessments were conducted as well as a further 597 existing assessments shared with TfS.

#### Comment

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## W2. Business impacts

### W2.1

**(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

### W2.2

**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

## W3. Procedures

### W-CH3.1

**(W-CH3.1) How does your organization identify and classify potential water pollutants associated with its activities in the chemical sector that could have a detrimental impact on water ecosystems or human health?**

**Company Standards and Guidelines:** With regards to our products, documentation and classification is done according to the legal requirements and standards on international (Example: UN Globally Harmonized System of Classification and labeling of chemicals) and local market level. All the substances handled in the plant, raw materials and products, are

classified according to their toxicological properties and their environmental impacts (Material Safety Data Sheet (MSDS)). LANXESS flows strict guidelines defined in MSDS when handling these substances (Procurement, storage, prevent spillages, leaching and leakages).

The process of engagement with our suppliers is through Together for Sustainability (TfS), it is the foundation for our Sustainability engagement with our suppliers. TfS Assessments & Audits focus on environmental topics including water & water management. In regards to pollutants this verifies if a suppliers has measures in place to minimize water quality impacts. Suppliers must report on specific water KPIs (e.g. total water consumption etc.). The TfS Assessments & Audits generate a Corrective Action Plan (CAP). This CAP is used in discussions to ensure continuous improvement. Supplier scorecards are reported on monthly basis. Specific supplier scorecards are also presented when the Strategic Buyer present his purchasing strategy as part of the balanced scorecard. Preference is given to a supplier with a favorable score, thereby incentivizing the participation and improvement. Re-assessments and re-audits are used to measure improvement.

**Pollutants identified and classified:** At the site-level, the pollutants identified and tested are in accordance with the permit requirements and the product portfolio. The relevant pollutants identified and classified by LANXESS at the central-level are of global significance and are periodically reviewed and updated by the central sustainability department. As of 2021, the pollutants that are recorded and reported at central-level are heavy metals (example: arsenic, cadmium, chromium, copper, mercury, nickel, lead, zinc, tin) and total organic content (organic carbon, nitrogen, inorganic and organic phosphorous). Two new quality parameters Adsorbable Organic Halides (AOX) and Persistent Organic Pollutants (POPs) were added as KPI's in our HSE Performance Data for in the reporting year. There are additional pollutants which are tested and reported on at site-level. These pollutants values are analyses on a quarterly basis. Whenever substantial financial, environmental or strategic impacts in regards to water pollutants are identified, they are integrated into the LANXESS Risk Management Process.

**Impacts considered:** The heavy metals are toxic and potentially carcinogenic for humans. They adversely affect the growth of flora and fauna in water and soil. The organic content (TOC) in water leads to eutrophication and high BOD (Biological Oxygen Demand) levels or decreased DO (Dissolved Oxygen) levels, resulting in reduced oxygen availability to organisms in water and damaging ecosystems. The presence of AOX and POP's in water is toxic and can adversely affect the human reproductive health and of other living organisms. Additionally, we use a LANXESS specific water risk assessment process which includes an impact evaluation indicator among other indicators to evaluate the impact of the pollutants on the humans and environment. We strictly follow the discharge permit limits for all our sites but we do this additional impact evaluation because as a responsible water user we want to eliminate any probable threat to the health of local population in the areas we operate.

**Methodology for data procurement and processing:** We continuously collect the data of the identified pollutants from all our production sites. Our HSE Performance Data has specific KPI's to record and monitor the quantities of above mentioned pollutants in the water discharged. These pollutants are not relevant for all our sites in the same way, as they are product-specific and thereby site-specific. Therefore, the reporting is done based on the permits and set standards for the individual sites. Additional water-relevant data (like temperature, pH, salt loads) and pollutants are identified and classified depending on local regulation at the site-

level. (Example: For few of our sites the water being released for treatment to wastewater treatment plants (WWTP’s) is checked for specific pollutants and is regulated. This is done to not endanger the microorganisms used for bio-degradation process in the biological treatment unit in WWTP’s).

### W-CH3.1a

**(W-CH3.1a) Describe how your organization minimizes adverse impacts of potential water pollutants on water ecosystems or human health. Report up to ten potential pollutants associated with your activities in the chemical sector.**

Potential water pollutant	Value chain stage	Description of water pollutant and potential impacts	Management procedures	Please explain
Heavy metals	Direct operations	Heavy metals are classified as toxic and probable carcinogens. They can cause multiple organ damage in humans and animals on ingestion. Plants experience cellular damage upon exposure to heavy metals. They also adversely affect the soil and water biodiversity.	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Providing best practices instructions on product use	By being in compliance with effluent quality standards we make sure, that concentrations of pollutants are not hazardous to the environment. With the help of HSE Performance Data, continuous monitoring of the effluent quality is done. This monitoring of effluent data on all LANXESS production sites ensures continuous improvements in the handling of discharged water (including the wastewater sent for treatments to external WWTP). For the LANXESS owned WWTP, sophisticated alert systems are installed to prevent accidental discharges. A continuous in-stream quality checks and additional lab-tests are carried out before releasing the treated water. To eliminate other potential sources of heavy

				<p>metal pollution like spillages and leakages, the site personnel are given trainings on a timely basis to handle the raw materials and products on site according to the MSDS (Material Safety Data Sheet ) guidelines. Our products are assessed for various pollutants and a product or product group specific best safe use guidelines (MSDS) for customers is provided to prevent any pollution from the customers end.</p> <p>The measurement of results: If we take a 5 year trend analysis from year 2017 almost 57% reduction of the heavy metal load could be realized in 2021 compared to 2017. However, for this reporting year the heavy metals concentration is higher compared to year 2020 because of the new acquisitions and a subsequent change in product portfolio. (In 2020: 0.0021 thousand metric tons and in 2021:0.0023 thousand metric tons of heavy metals were reported). Decreasing trends in heavy metal concentrations illustrate the success of the management approach.</p>
TOC (Total Organic Content)	Direct operations	High concentration of organic content in aquatic ecosystems leads to	Compliance with effluent	By being in compliance with effluent quality standards we makes sure,



		<p>eutrophication. This results in increase of suspended particles owing to extensive macro algal blooms, decrease of water clarity which in turn leads to the destruction of aquatic habitat by shading of submerged vegetation.</p>	<p>quality standards Measures to prevent spillage, leaching, and leakages Providing best practices instructions on product use</p>	<p>that concentrations of pollutants are not hazardous to the environment. With the help of HSE Performance Data, continuous monitoring of the effluent quality is done. This monitoring of effluent data on all LANXESS production sites ensures continuous improvements in the handling of discharged water (including the wastewater sent for treatments to external WWTP). For the LANXESS owned WWTP, sophisticated alert systems are installed to prevent accidental discharges. A continuous in-stream quality checks and additional lab-tests are carried out before releasing the treated water.</p> <p>To eliminate other potential sources of TOC pollution like spillages and leakages, the site personnel are given trainings on a timely basis to handle the raw materials and products on site according to the MSDS (Material Safety Data Sheet ) guidelines. Our products are assessed for various pollutants and a product or product group specific best safe use guidelines (MSDS) for customers is provided to prevent any pollution from the</p>
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				<p>customers end.</p> <p>Measurement of results:                  Since 2017 a 28% reduction of the total organic content could be realized by 2021. Compared to year 2020 values the 2021 concentration levels are higher due to new acquisitions and a subsequent change in product portfolio. (For 2020: 1.2 thousand metric tons and 2021: 1.3 thousand metric tons of TOC has been recorded). However, the decreasing trend in TOC concentrations illustrate the success of the management approach.</p>
Nitrogen	Direct operations	As nutrients, nitrogen and phosphorous are part of the aquatic ecosystem. In a high concentration they become a pollutant causing eutrophication. This results in increase of suspended particles owing to extensive macro algal blooms, decrease of water clarity which in turn leads to the destruction of aquatic habitat by shading of submerged vegetation.	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Providing best practices instructions on product use	By being in compliance with effluent quality standards we makes sure, that concentrations of pollutants are not hazardous to the environment. With the help of HSE Performance Data, continuous monitoring of the effluent quality is done. This monitoring of effluent data on all LANXESS production sites ensures continuous improvements in the handling of discharged water (including the wastewater sent for treatments to external WWTP). For the LANXESS owned WWTP, sophisticated alert systems are installed to

			<p>prevent accidental discharges. A continuous in-stream quality checks and additional lab-tests are carried out before releasing the treated water.</p> <p>To eliminate other potential sources of nitrogen pollution like spillages and leakages, the site personnel are given trainings on a timely basis to handle the raw materials and products on site according to the MSDS (Material Safety Data Sheet ) guidelines. Our products are assessed for various pollutants and a product or product group specific best safe use guidelines (MSDS) for customers is provided to prevent any pollution from the customers end.</p> <p>Measurement of results: Since 2017 a 17% reduction of the nitrogen content could be realized. However, compared to previous year values, the nitrogen concentration values are much higher due to new acquisitions and a subsequent change in product portfolio. (In 2020 : 0.4 thousand metric tons and in 2021: 0.5 thousand metric tons of nitrogen was recorded). However, the overall decreasing trend in nitrogen concentrations</p>
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				illustrate the success of the management approach.
Phosphorous	Direct operations	Too much phosphorus can cause increased growth of algae and large aquatic plants. This can result in decreased levels of dissolved oxygen leading to eutrophication. High levels of phosphorus can also lead to algae blooms that produce algal toxins which can be harmful to human and animal health.	<p>Compliance with effluent quality standards</p> <p>Measures to prevent spillage, leaching, and leakages</p> <p>Providing best practices instructions on product use</p>	<p>By being in compliance with effluent quality standards we makes sure, that concentrations of pollutants are not hazardous to the environment. With the help of HSE Performance Data, continuous monitoring of the effluent quality is done. This monitoring of effluent data on all LANXESS production sites ensures continuous improvements in the handling of discharged water (including the wastewater sent for treatments to external WWTP). For the LANXESS owned WWTP, sophisticated alert systems are installed to prevent accidental discharges. A continuous in-stream quality checks and additional lab-tests are carried out before releasing the treated water.</p> <p>To eliminate other potential sources of phosphorous pollution like spillages and leakages, the site personnel are given trainings on a timely basis to handle the raw materials and products on site according to the MSDS (Material Safety Data Sheet ) guidelines. Our products are assessed for various</p>

				<p>pollutants and a product or product group specific best safe use guidelines (MSDS) for customers is provided to prevent any pollution from the customers end.</p> <p>Measurement of results: For the reporting year a total of 0.3 thousand metric tons of phosphorous was recorded. The concentration levels of phosphorous is much higher compared to the previous year (0.134 thousand metric tons) due to new acquisitions and a subsequent change in product portfolio.</p>
Adsorbable Organic Halides (AOX)	Direct operations	<p>AOX is the measure of halogen compounds load at a sampling site such as soil, water or waste. The halogen compounds when found in soil are known to create non-degradable metal complexes, increasing soil toxicity and accumulating in the food chain of aquatic organisms.- When found in water bodies, they are known to produce mutagenic compounds, which when ingested by humans could cause several abnormalities in development and reproduction in humans through long half-lives and mimicking hormone receptors.</p>	<p>Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages</p>	<p>By being in compliance with effluent quality standards we makes sure, that concentrations of pollutants are not hazardous to the environment. With the help of HSE Performance Data, continuous monitoring of the effluent quality is done. This monitoring of effluent data on all LANXESS production sites ensures continuous improvements in the handling of discharged water (including the wastewater sent for treatments to external WWTP). For the LANXESS owned WWTP, sophisticated alert systems are installed to prevent accidental</p>

				<p>discharges. A continuous in-stream quality checks and additional lab-tests are carried out before releasing the treated water.</p> <p>To eliminate other potential sources of AOX pollution like spillages and leakages, the site personnel are given trainings on a timely basis to handle the raw materials and products on site according to the MSDS (Material Safety Data Sheet ) guidelines.</p> <p>Measurement of results: This was our first year of tracking the AOX volumes on a corporate level. Before 2021 it was only measured and tracked on site. A total of 1.18 thousand metric tons of AOX was recorded for 2021.</p>
Persistent Organic Pollutants (POPs)	Direct operations	POP's are the organic pollutants which are found to be resistant to environmental degradation and lead to bioaccumulation. They are easily transported to other locations via wind and water. They accumulate in the food chain causing serious health problems like reproductive and immune system deficits in humans on ingestion.	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages	By being in compliance with effluent quality standards we make sure, that concentrations of pollutants are not hazardous to the environment. With the help of HSE Performance Data, continuous monitoring of the effluent quality is done. This monitoring of effluent data on all LANXESS production sites ensures continuous improvements in the handling of discharged water (including the wastewater

			<p>sent for treatments to external WWTP). For the LANXESS owned WWTP, sophisticated alert systems are installed to prevent accidental discharges. A continuous in-stream quality checks and additional lab-tests are carried out before releasing the treated water.</p> <p>To eliminate other potential sources of POP pollution like spillages and leakages, the site personnel are given trainings on a timely basis to handle the raw materials and products on site according to the MSDS (Material Safety Data Sheet ) guidelines.</p> <p>Measurement of results: This was our first year of tracking the POP volumes on a corporate level. Before 2021 it was only measured and tracked on site. The recorded values of POP's for 2021 are negligible (less than 0.000002 thousand metric tons).</p>
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### W3.3

**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

### W3.3a

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

**Value chain stage**

- Direct operations
- Supply chain
- Other stages of the value chain

**Coverage**

- Full

**Risk assessment procedure**

- Water risks are assessed as part of an established enterprise risk management framework

**Frequency of assessment**

- More than once a year

**How far into the future are risks considered?**

- More than 6 years

**Type of tools and methods used**

- Tools on the market
- Enterprise risk management
- Databases

**Tools and methods used**

- EcoVadis
- WRI Aqueduct
- WWF Water Risk Filter
- COSO Enterprise Risk Management Framework

**Contextual issues considered**

- Water availability at a basin/catchment level
- Water quality at a basin/catchment level
- Stakeholder conflicts concerning water resources at a basin/catchment level
- Implications of water on your key commodities/raw materials
- Water regulatory frameworks
- Status of ecosystems and habitats

**Stakeholders considered**

- Customers
- Employees
- Investors
- Local communities
- NGOs
- Regulators
- Suppliers
- Water utilities at a local level
- Other water users at the basin/catchment level

**Comment**



The opportunity and risk management process is based on the COSO risk management process consists among others of the following process steps.

(1) Opportunity and Risk Identification:

Objective of the Risk Management process is the early detection and creation of transparency of material opportunities and risks, that could lead to a deviation from our targets and to implement measures to mitigate these risks and to exploit the opportunities, respectively. For the water topic, it includes the risk identified through our LANXESS Water Risk Assessment. Besides others, information from WWF and WRI tools were used.

- a) Process responsibility: The BU and GF Heads and Country Representatives are ultimately responsible for the opportunity/risk management in their unit.
- b) Process: A risk catalogue is defined in order to systematize the collection of opportunities and risks and to ensure that all material risks and opportunities are taken into account. Relevant water-related topics are: Environment and technology, procurement/logistics, political relations, corporate strategy, innovation management. All users may report opportunities and risks in all risk categories.

(2) Assessment process:

Short- (1 year), medium- (1-10 years) and long-term (10-30 years) opportunities and risks are assessed twice a year in the context of the forecasting and the budget/planning process. Opportunities and risks are potential deviations from set targets and are assessed in regard to their impact on the EBITDA or net income depending on the risk type. In addition, there are specialized committees on company level to oversee risks during the assessment process, e.g. HSE sub-committee for health, safety and environment standards. In addition to the financial dimension, risk owners also assess the potential reputational impact on the Group for each risk and the potential impact on society and environment. These assessments are qualitative.

(3) Risk Steering Process:

After the identification and assessment the appropriate risk management strategy is determined:

- a) Limitation of risks / (exploitation of opportunity) by implementing measures that limit the risk,
- b) Transfer of risks,
- c) Setting up a provision, and
- d) Acceptance of risk.

The appropriate approach is selected based on the risk appetite. All opportunities and risks are assessed before and after measures.

## W3.3b

**(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

**LANXESS Risk Management Process:**

The risk identification and assessment takes place twice a year. It covers direct operations, as well as upstream and downstream activities. The process is based on a 3 step model:

**(1) Identification process:** Determine risks that could interrupt operations, affect the reasonable expectation of achieving the company's strategy and business objectives or materially impact the license to operate.

**(2) Assessment process:** Short- (1 year), medium- (1-10 years) and long-term (10-30 years) opportunities and risks are assessed.

**(3) Risk Steering Process:** After the identification and assessment the appropriate risk management strategy is determined: a) Limitation of risks / (exploitation of opportunity) by implementing measures that limit the risk, b) Transfer of risks, c) Setting up a provision, and d) Acceptance of risk.

#### **Tools & methods:**

To better understand and fully cover the water-related risks for own operations, tools like WWF Water Risk Filter and WRI Aqueduct tool are used to assess indicators like water stress and future water stress. For the assessment of water related risks at the suppliers side, EcoVadis Assessments are used. The EcoVadis questionnaire contains questions regarding water policies, water withdrawal rates and waste water loads.

#### **Transfer into decision making processes:**

The identified risks are submitted in the RM software, get reviewed and approved. All opportunities and risks are then analyzed and prioritized by GF Controlling (in terms of the expected financial impact as well as impact on LANXESS's reputation and Impact on society & environment) together with the measures. The Corporate Risk Committee (CRC) takes over the main oversight function. It is responsible for the structure and implementation of the Group-wide Risk Management process. CRC is made up of senior executives, analyses, validates and monitors the Group's risk profile as well as the key opportunities, risks and measures.

#### **Issues & stakeholders considered:**

As a chemical company we are highly depending on water in a sufficient quality for production and cooling purposes. Water risks can be triggered by a wide variety of stakeholder interests. Therefore, it is important to consider all relevant stakeholders in the risk assessment. Within the risk management process of LANXESS water-relevant stakeholders like own employees, customers and suppliers can be included into the risk management process, as well as valid concerns from NGOs, local communities or regulators.

Details on selected stakeholders:

*(a) Employees:* Our ambition is to create a health-preserving working environment for all employees. Besides negative impacts on the employee's health, improper handling of harmful substances could have a negative impact on water bodies as well. Example: The Xact Program address the key safety points for an active contribution to their own safety and that of their colleagues and environment.

*(b) Customers:* We value long-term customer relationships. If some of our products are used improperly, negative effects on water ecosystems cannot be excluded. Example: To minimize risks in product handling at the customers side, we provide extensive product safety sheets.

*(c) Suppliers:* Sourcing raw materials, other materials, equipment and services that fulfill globally standardized requirements is crucial for LANXESS. Example: If the supply chain is

interrupted due to water shortages for production at suppliers side or impassable waterways, it can result in additional financial expenses or even production disruption at LANXESS side.

*(d) Investors:* LANXESS's stockholder structure predominantly consists of institutional investors which play an important role in the success and growth of the company. The focus of investors is increasingly broadening to include ESG-related issues such as water in their portfolio decisions. Examples: When it comes to reputational risks in relation to water issues, investors reaction is always considered.

*(e) Regulators:* LANXESS aims at complete compliance with the rules, regulations and permit limits laid down by national, state and local government authorities (e.g. water withdrawal limits or effluent limits in waste water streams). Example: If the regulatory situation tightens at ever shorter intervals due to increasing water stress, there is a risk of having very little time to implement appropriate adjustments.

*(f) Communities, water utilities & other water users at the basin/catchment level; NGOs:* At basin level we do engage with other water users and management authorities to focus and promote sustainable water management as well as to address shared water risks. As all water users share the context-related risks within a basin, measures must be taken by all water users. Example: LANXESS aims at maintaining a cooperative relationship with other local users in the area. Potential conflicts with them can lead to reputational damage and a loss of license to operate.

## W4. Risks and opportunities

### W4.1

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes, only within our direct operations

### W4.1a

**(W4.1a) How does your organization define substantive financial or strategic impact on your business?**

*Substantive financial or strategic impacts are defined for several dimensions.*

Each opportunity and risk is measured in three dimensions, thereof one quantitative and two qualitative dimensions:

- a) Financial Impact (quantitative)**
- b) Impact on LANXESS' reputation (qualitative)**
- c) Impact on society and environment (qualitative)**

#### **a) Financial Impact:**

Regarding Financial Impact, all opportunities and risks have a substantive financial or strategic impact, if they meet one of the following criteria:

- i) Opportunities and risks which have more than €1 million expected EBITDA-impact after countermeasures

ii) Risks which have an expected EBITDA impact, that was reduced by more than €10 million through the implementation of countermeasures

iii) New opportunities or risks which have an expected impact of more than €5 million after measures must be reported ad-hoc

Opportunities and risks having an impact on several BUs are aggregated for an evaluation of the impact on corporate level (e.g. low Rhine water).

These thresholds guarantee that the information is comprehensive and not just limited to material risks or risks that could jeopardize the future of the company as a going concern.

**b+c) Impact on LANXESS' reputation and on society and environment:**

If an opportunity or a risk is evaluated with highest ranking according to an assessment of senior management in category b) or c) it will be also marked as risk with substantive impact. The assessment is qualitative and is divided into five different classes depending on the following criteria for b) & c):

- its impact on people and/or the environment,
- the possibility to remediate consequences and
- the geographical scope of the impact.

**b) Categories of qualitative assessment of the impact on LANXESS's reputation :**

No impact

Minor impact: Limited local complaint/perception, minimal impact on image, minimal change in stakeholder confidence

Moderate impact: Local media coverage, moderate impact on image, moderate change in stakeholder confidence

Major impact: National media coverage, significant impact on image, significant change in stakeholder confidence

Critical impact: International media coverage, dramatic impact on image, dramatic change in stakeholder confidence

**c) Categories of qualitative assessment of the impact on society and environment :**

No impact

Minor impact: Limited local impact on people/environment, impact remediable with low use of resources

Moderate impact: Considerable local impact on people/environment, impact remediable with moderate use of resources

Major impact: Regional or high local impact on people/environment, impact remediable with substantial use of resources

Critical impact: National impact on people/environment, non-remediable consequences (fatalities, loss of resources)

When assessing a risk with a potential impact on society and environment, a defined group of employees (PTSE, HR and COM) is automatically informed of this risk.

In addition, at the end of the group-wide risk assessment period, all risks that may have an impact on society and environment are reviewed in a defined working group before the risks are reported to and reviewed by the Corporate Risk Committee.

## W4.1b

**(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?**

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	7	1-25	<p>In total 7 out of 60 production sites were identified with potential water-related risks.</p> <p>For three of the seven mentioned sites, which are located in the Rhine basin (Germany), one water-related risk was identified, that exceeded the internally defined threshold of the risk management process. Due to the experience of the last five years, a low level of the river Rhine was identified as feasible risk scenario. Implications could be lower loading capacities and limitations in ship supply resulting in increasing costs or even loss of production.</p> <p>The other four sites were identified as water risk sites after carrying out the extensive LANXESS Water Risk Assessment. All the four sites are situated in areas with extremely high water stress. Two of the sites are located on two different river basins in India, one in China and one in Italy. In all the river basins, the current water stress is extremely high. In a ten-year pessimistic future scenario, the water supply and demand situation in the basins will remain at a critical level. Implications may include a negative impact on our production volumes and also future expansion plans. Although neither of the four sites experienced production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management. It can also be seen as a preparatory step for future.</p>

## W4.1c

**(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

---

Country/Area & River basin

Germany  
Rhine

**Number of facilities exposed to water risk**

3

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

Unknown

**Comment**

For our three sites located in the Rhine basin (Germany), one water-related risk was identified, that exceeded the internally defined threshold of the risk management process. Due to the experience of the last five years, a low level of the river Rhine was identified as feasible risk scenario. Implications could be lower loading capacities and limitations in ship supply resulting in increasing costs or even loss of production.

**Country/Area & River basin**

India  
Narmada

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

Unknown

**Comment**

The site was identified as water risk site after carrying out the extensive LANXESS water risk assessment. It is situated in a area with extremely high water stress. All identified water risk sites share two water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019).

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the site did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at the site.

**Country/Area & River basin**

India  
Other, please specify  
Chambal river basin

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

Unknown

**Comment**

The site was identified as water risk site after carrying out the extensive LANXESS water risk assessment. It is situated in a area with extremely high water stress. All identified water risk sites share two water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019).

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the site did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at the site.

**Country/Area & River basin**

Italy

Other, please specify

Rio Martino

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

Unknown

**Comment**

The site was identified as water risk site after carrying out the extensive LANXESS water risk assessment. It is situated in a area with extremely high water stress. All identified water risk sites share two water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019).

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the site did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at the site.

**Country/Area & River basin**

China  
 Other, please specify  
 Dagu river basin

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company’s total global revenue that could be affected**

Unknown

**Comment**

The site was identified as water risk site after carrying out the extensive LANXESS water risk assessment. It is situated in a area with extremely high water stress. All identified water risk sites share two water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019).

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the site did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at the site.

**W4.2**

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

**Country/Area & River basin**

Germany  
 Rhine

**Type of risk & Primary risk driver**

Chronic physical  
 Seasonal supply variability/inter annual variability

**Primary potential impact**

Supply chain disruption

**Company-specific description**

Longer periods of drought can mean that rivers carry less water. For LANXESS, this is particularly crucial for the Rhine, as the Lower Rhine sites are the largest production sites for LANXESS, and shipping is essential for the supply of raw materials as well as the transport of products. Insufficient supply with raw materials and feed-stock due to strong limitations in ship and barge transportation in case of low level of river Rhine



could lead to serious impacts in production volumes or even shutdowns of plants. This risk was qualified as substantive.

**Timeframe**

More than 6 years

**Magnitude of potential impact**

High

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

The financial impact of the risk is calculated and available for internal risk assessments, but for confidentiality reasons we do not disclose data at this level of detail.

**Primary response to risk**

Amend the Business Continuity Plan

**Description of response**

First of all, the storage capacities and storage ranges were considered. Next, alternative supply routes such as road or rail were identified and evaluated. Prices, including premium due to scarce availability, were used for the analysis. As risk mitigation measure alternative logistics and supply options were developed. As water risks are shared risks for all stakeholders in a basin, LANXESS signed the "Low Water Action Plan" for the river Rhine together with other industry partners and the local authorities. This action plan focuses on the above mentioned sites. In order to meet the climate change-related challenges for freight transport on the river Rhine, the plan sets out a total of eight short-, medium- and long-term measures in the fields of "information provision," "transport and logistics," "infrastructure" and "long-term solutions". measures. One example is the creation and utilization of additional storage capacities as well as to increase the availability of low-water suitable ship types.

**Cost of response**

**Explanation of cost of response**

The costs for the different responses are calculated and available for internal risk assessments, but for confidentiality reasons we do not disclose data at this level of detail.

### **Country/Area & River basin**

India  
Narmada

### **Type of risk & Primary risk driver**

Chronic physical  
Water stress

### **Primary potential impact**

Constraint to growth

### **Company-specific description**

As our four water risk sites have negligible amount of water withdrawal, discharge and consumption amounts, when accounted for individually, they are reported as an aggregate of multiple locations in this section. The river basin of our biggest site, Jhagadia, was chosen.

(Facility 4) India 1, Narmada river basin  
(Facility 5) India 2, Chambal river basin  
(Facility 6) Italy, Rio Martino river basin  
(Facility 7) China, Dagu River river basin

The four sites were identified as water risk sites after carrying out the extensive LANXESS water risk assessment. All the four sites are situated in areas with extremely high water stress. As our four water risk sites have negligible amount of water withdrawal, discharge and consumption amounts, when accounted for individually, they are reported as an aggregate of multiple locations in this section. An additional reason for the aggregation are the two shared water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019). These two target only account for the four Water Risk Sites. To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the sites did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at these sites.

### **Timeframe**

More than 6 years

### **Magnitude of potential impact**

Medium-high

### **Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)****Potential financial impact figure - minimum (currency)****Potential financial impact figure - maximum (currency)****Explanation of financial impact**

The financial impact of the risk is calculated and available for internal risk assessments, but for confidentiality reasons we do not disclose data at this level of detail.

**Primary response to risk**

Establish site-specific targets

**Description of response**

To specifically address water risk sites identified by the water risk analysis, we decided to define two site-specific targets:

- (1) Introduction of a Water Stewardship program until 2023,
- (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019)

These two target only account for the four Water Risk Sites.

Although neither of the four sites experienced production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management. It can also be seen as a risk mitigation and preparatory step for future. They include site-specific action plans, collaborative and multi-stakeholder water projects to address shared basin risks and best water practices on site. Moreover, we developed a LANXESS-specific Water Stewardship Standard that is based on accepted standards and reflects the special needs of our company. As a cornerstone of these local water stewardship programs, we are committed to reducing 15% of our water withdrawal at these four sites by 2023.

Example for Latina (Italy): In order to be more efficient new cooling-towers are installed and a switch over to existing cooling towers was made wherever possible. This will result in huge water savings and a reduction in water withdrawal amounts. Multiple flow-meters are installed for more accurate water accounting and an on-site rain water harvesting project is being explored in Latina to further reduce the fresh water withdrawal from the nearby canal. First results of the improvements are expected to be visible by the end of 2023.

**Cost of response****Explanation of cost of response**

The costs for the different responses are calculated and available for internal risk assessments, but for confidentiality reasons we do not disclose data at this level of detail.

## W4.2c

**(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	<p>LANXESS suppliers are seen and treated as an extension of our value chain. We believe that our suppliers are business partners, and the aim is to foster long-term cooperative partnerships that drive success and add value for society. This can only be achieved on the basis, among other things, of the extent to which our business partners share our social and environmental values.</p> <p>Our supplier code of conduct makes sure that the suppliers we work with share our principles when it comes to safeguarding the environment. From both the TfS Assessments and TfS Audits a Corrective Action Plan is generated, and shared between the inviting company (LANXESS) and the supplier. This assessment helps us identify any risks that exist in our supply chain and develop countermeasures before it has a substantive impact on our operational activities.</p> <p>Although the procurement spends is an important factor, we also look at various other factors to identify risks. These factors include, but are not limited to, contract duration, strategic importance, business impact, previous CSR ratings, category and country risks. Positive steps and improvements have been made in the formalization of our risk based approach of identification of suppliers. This will strengthen and support our focus on sustainability as supplier CSR rating will be fundamental in the decision making process.</p> <p>One example: With low river Rhine levels, risks were identified in our supply chain with regards to logistics and transportation of important raw materials and products. So, as risk mitigation measure alternative logistics and supply options were developed. As water risks are shared risks for all stakeholders in a basin, LANXESS also signed the “Low Water Action Plan” for the river Rhine together with other industry partners and the local authorities, to mitigate these risks at catchment level as a long term solution to this water issue.</p> <p>All these risk identification processes provides us enough time in advance to review and change our supply chain strategies and partners as and when required. That’s why we come to the conclusion that no substantive impact is anticipated at the moment.</p>

## W4.3

### (W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

## W4.3a

### (W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

#### Type of opportunity

Products and services

#### Primary water-related opportunity

Increased sales of existing products/services

#### Company-specific description & strategy to realize opportunity

Regarding climate adaptation increased water stress in many regions and countries is a direct consequence of climate change. Opportunities and not only challenges can be found in water scarcity and pollution. Experts estimate the annual water demand to reach 6,900 bn m<sup>3</sup> in 2030, creating a shortfall of 2,700 bn m<sup>3</sup>. Contamination of water supplies is increasing at the same time due to an increasing rate of urbanization and water scarcity due to climate change. The need for safe drinking water is increasing as municipal sources vary from rivers to underground water to seawater along coastal areas. All these sources are often polluted and contain a significant amount of dissolved metals. This global water supply gap of approx. 40 % creates a business opportunity for LANXESS, as solution provider for water treatment and water extraction technologies.

The market for ion exchange resins will grow at a CAGR of 4% from 2019-2024, with higher growth rates for the specialty segment. This will increase the market from 1.6bn€ in 2019 to 1.9bn€ in 2024. LANXESS's approach is win a significant share of this absolute growth of ~300m€. To accompany this fast market growth and to gain a significant share of this growth, LANXESS invested in R&D collaborations with educational scientific institutes and R&D cooperation with customer and plans to increase its production capacities for ion exchange resins and is as illustrated in following Case Study:

Example:

Situation: The demand for products to implement water purification is increasing.

Task: LANXESS is to expand its production capacities in order to serve the demand for water purification products.

Action: LANXESS launched a project in 2019 that analysed the markets in the individual regions in terms of supply demand development, growth potential and differentiation by product group. It also looked at various countries and sites where a new plant could be built.

Result: LANXESS announced in 2020, that it is currently planning to build a new production facility, for which it plans to invest a significant amount in the coming years.

**Estimated timeframe for realization**

4 to 6 years

**Magnitude of potential financial impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

45,000,000

**Potential financial impact figure – maximum (currency)**

90,000,000

**Explanation of financial impact**

The market for ion exchange resins will grow at a CAGR of 4% from 2019-2024, with higher growth rates for the specialty segment. This will increase the market from 1.6bn€ in 2019 to 1.9bn€ in 2024. LANXESS is a relevant player in the ion exchange resins market. The mentioned growth is based on feasibility studies. If LANXESS manages to generate 15%-30% of this growth, this would lead to a sales increase of 45-90m€.

Calculation:

Min:  $15\% * 300\text{m€} = 45\text{m€}$

Max:  $30\% * 300\text{m€} = 90\text{m€}$

## W5. Facility-level water accounting

### W5.1

**(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.**

**Facility reference number**

Facility 1

**Facility name (optional)**

Niederrhein sites (3 sites): Facilities 1 , 2 and 3

**Country/Area & River basin**

Germany

Rhine

**Latitude**

51.021144

**Longitude**

6.982976

**Located in area with water stress**

No

**Total water withdrawals at this facility (megaliters/year)**

140,265.38

**Comparison of total withdrawals with previous reporting year**

About the same

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

83.358

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

140,182

**Total water discharges at this facility (megaliters/year)**

135,377.84

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

7,536.2

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

127,841.63

**Total water consumption at this facility (megaliters/year)**

4,887.53

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

As our 3 "Niederrhein-sites" are located within the maximum distance of 60 km to each other and as they have a shared water risk due to the location next to the river Rhine, they are reported as an aggregate of multiple locations in this section. The coordinates of our biggest site, Leverkusen, were chosen.

To assess water stress two different tools have been used: WWF Water Risk Filter and WRI Aqueduct.

The total consumption figure is a calculated number by deducting the total water discharge amounts from total water withdrawal amounts. Being a chemical manufacturing site, water is mainly used as cooling water amounts, which is released back into the environment with no contamination, thus keeping the consumption volumes very small comparatively. The water consumption volumes therefore primarily consist of the evaporation losses (approx. 50%). It can further consist of the water added to the sold products, processes or stored water for fire.

The figures are measured and reported on a quarterly basis into our HSE Performance Data system.

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**Facility reference number**

Facility 4

**Facility name (optional)**

India 1

**Country/Area & River basin**India  
Narmada**Latitude**

21.660095

**Longitude**

73.133931

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

3,438.77

**Comparison of total withdrawals with previous reporting year**

Lower



**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

1,991.22

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

121.88

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

1,325.67

**Total water discharges at this facility (megaliters/year)**

2,427.31

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

1,963.29

**Discharges to brackish surface water/seawater**

432.99

**Discharges to groundwater**

0

**Discharges to third party destinations**

31.03

**Total water consumption at this facility (megaliters/year)**

1,011.46

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

As our four water risk sites have negligible amount of water withdrawal, discharge and consumption amounts, when accounted for individually, the withdrawal, discharge and consumption volumes are reported as an aggregate of the following four sites:

(Facility 4) India 1, Narmada river basin

(Facility 5) India 2, Chambal river basin

(Facility 6) Italy, Rio Martino river basin

(Facility 7) China, Dagu River river basin

The four sites were identified as water risk sites after carrying out the extensive LANXESS water risk assessment. All the four sites are situated in areas with extremely high water stress. An additional reason for the aggregation are the two shared water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019). These two target only account for the four Water Risk Sites. Target achievement is not measured individually, but for the four sites as a group.

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the sites did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at these sites.

The total consumption figure is a calculated number by deducting the total water discharge amounts from total water withdrawal amounts.

**Facility reference number**

Facility 5

**Facility name (optional)**

India 2

**Country/Area & River basin**

India

Other, please specify

Chambal river basin

**Latitude**

23.442234

**Longitude**

75.406806

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

3,438.77

**Comparison of total withdrawals with previous reporting year**

Lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

1,991.22

**Withdrawals from brackish surface water/seawater**

**Withdrawals from groundwater - renewable**

121.88

**Withdrawals from groundwater - non-renewable****Withdrawals from produced/entrained water****Withdrawals from third party sources**

1,325.67

**Total water discharges at this facility (megaliters/year)**

2,427.31

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

1,963.29

**Discharges to brackish surface water/seawater**

432.99

**Discharges to groundwater****Discharges to third party destinations**

31.03

**Total water consumption at this facility (megaliters/year)**

1,011.46

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

As our four water risk sites have negligible amount of water withdrawal, discharge and consumption amounts, when accounted for individually, the withdrawal, discharge and consumption volumes are reported as an aggregate of the following four sites:

- (Facility 4) India 1, Narmada river basin
- (Facility 5) India 2, Chambal river basin
- (Facility 6) Italy, Rio Martino river basin
- (Facility 7) China, Dagu River river basin

The four sites were identified as water risk sites after carrying out the extensive LANXESS water risk assessment. All the four sites are situated in areas with extremely high water stress. An additional reason for the aggregation are the two shared water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019). These two

target only account for the four Water Risk Sites. Target achievement is not measured individually, but for the four sites as a group.

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the sites did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at these sites.

The total consumption figure is a calculated number by deducting the total water discharge amounts from total water withdrawal amounts.

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**Facility reference number**

Facility 6

**Facility name (optional)**

Italy

**Country/Area & River basin**

Italy

Other, please specify

Rio Martino river basin

**Latitude**

41.542089

**Longitude**

12.932682

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

3,438.77

**Comparison of total withdrawals with previous reporting year**

Lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

1,991.22

**Withdrawals from brackish surface water/seawater****Withdrawals from groundwater - renewable**

121.88

**Withdrawals from groundwater - non-renewable****Withdrawals from produced/entrained water**

**Withdrawals from third party sources**

1,325.67

**Total water discharges at this facility (megaliters/year)**

2,427.31

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

1,963.29

**Discharges to brackish surface water/seawater**

432.99

**Discharges to groundwater****Discharges to third party destinations**

31.03

**Total water consumption at this facility (megaliters/year)**

1,011.46

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

As our four water risk sites have negligible amount of water withdrawal, discharge and consumption amounts, when accounted for individually, the withdrawal, discharge and consumption volumes are reported as an aggregate of the following four sites:

- (Facility 4) India 1, Narmada river basin
- (Facility 5) India 2, Chambal river basin
- (Facility 6) Italy, Rio Martino river basin
- (Facility 7) China, Dagu River river basin

The four sites were identified as water risk sites after carrying out the extensive LANXESS water risk assessment. All the four sites are situated in areas with extremely high water stress. An additional reason for the aggregation are the two shared water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019). These two target only account for the four Water Risk Sites. Target achievement is not measured individually, but for the four sites as a group.

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the sites did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at these sites.

The total consumption figure is a calculated number by deducting the total water discharge amounts from total water withdrawal amounts.

---

**Facility reference number**

Facility 7

**Facility name (optional)**

China

**Country/Area & River basin**

China

Other, please specify

Dagu River river basin

**Latitude**

36.077696

**Longitude**

120.426219

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

3,438.77

**Comparison of total withdrawals with previous reporting year**

Lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

1,991.22

**Withdrawals from brackish surface water/seawater**

**Withdrawals from groundwater - renewable**

121.88

**Withdrawals from groundwater - non-renewable**

**Withdrawals from produced/entrained water**

**Withdrawals from third party sources**

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**Total water discharges at this facility (megaliters/year)**

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**Comparison of total discharges with previous reporting year**

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**Comparison of total consumption with previous reporting year**

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**Please explain**

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- (Facility 4) India 1, Narmada river basin
- (Facility 5) India 2, Chambal river basin
- (Facility 6) Italy, Rio Martino river basin
- (Facility 7) China, Dagu River river basin

The four sites were identified as water risk sites after carrying out the extensive LANXESS water risk assessment. All the four sites are situated in areas with extremely high water stress. An additional reason for the aggregation are the two shared water-related targets: (1) Introduction of a Water Stewardship program until 2023, (2) reduction of absolute water withdrawal by 15% until 2023 (base year 2019). These two target only account for the four Water Risk Sites. Target achievement is not measured individually, but for the four sites as a group.

To assess water stress two different tools were used: WWF Water Risk Filter and WRI Aqueduct. Although, the sites did not experience any production disruptions due to inadequate water supply in the past decade, we are continuously working to improve our water management and become water stewards at these sites.

The total consumption figure is a calculated number by deducting the total water discharge amounts from total water withdrawal amounts.

**W5.1a**

**(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?**

**Water withdrawals – total volumes**

---

**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

**Water withdrawals – volume by source**

---

**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

**Water withdrawals – quality by standard water quality parameters**

---

**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

**Water discharges – total volumes**

---

**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

**Water discharges – volume by destination**

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**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

**Water discharges – volume by final treatment level**

---

**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

**Water discharges – quality by standard water quality parameters**

---

**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

**Water consumption – total volume**

---

**% verified**

76-100

**Verification standard used**

The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information.

## W6. Governance

### W6.1


#### (W6.1) Does your organization have a water policy?


Yes, we have a documented water policy that is publicly available

#### W6.1a

#### (W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to water stewardship and/or collective action Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Acknowledgement of the human right to water and sanitation	The LANXESS Water Policy consists of three important parts:  (1) The LANXESS Corporate Policy as the highest overarching policy containing water-related statements;  (2) The LANXESS Water Background Paper describing the water management approach, targets and commitments and  (3) The Directive on Environmental Protection Management providing a global standard on managing wastewater, avoidance of incidents and loss mitigation in case of an water related incident.  The Water Policy is valid company-wide, covering own operations as well as issues in the value chain and at catchment level. To ensure worldwide availability and implementation the LANXESS Corporate Policy is available in 11 languages. Compliance with internal directives and external regulations is monitored as part of our HSE Compliance Checks.  Dependency: As a chemicals company, we are highly dependent on water for cooling (81%), for process purposes (17%) and in the form of steam (2%). Due to the geographical location of many of our sites we indirectly rely on water ways for transportation of products and raw material. The local water stress situation is one of the most important aspects. Only 2% of our total water withdrawal takes place in areas from high or extremely high water stress.

			<p>Business impact on water: Globally, we aim to decouple economic growth from water consumption and wastewater loads. We are committed to using water more efficiently and to increasing the share of alternative water sources.</p> <p>Targets &amp; Goals: We underline our commitment with four water related targets and goals regarding water withdrawal and water stewardship in water stress areas, water withdrawal efficiency and wastewater loads.</p> <p>Performance standards: Group-wide directives provide global standards on managing wastewater, avoidance of incidents and loss mitigation in case of an incident.</p> <p>Commitments: We recognize the right of access to water and sanitation (WASH) as a fundamental human right and are committed to protecting it. We are aware of our responsibility to contribute to water security and are committed to the responsible use of water. In doing so, we engage in collaboration with other stakeholders, particularly through our local water stewardship programs.</p> <p>Initiatives &amp; standards: To assess water stress we used the WWF water risk filter. The LANXESS Water Stewardship Framework is based the recognized standards from Alliance for Water Stewardship (AWS) and European Water Stewardship (EWS).</p> <p> 1</p>
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 1 LANXESS Background Paper Water.pdf

## W6.2

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

## W6.2a

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
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Chief Executive Officer (CEO)	<p>As climate change and water-related issues are multidimensional, the highest level of direct responsibility lies with the Board of Management headed by the CEO of LANXESS. Strategic risks and/ or chances arising from the resource water are analyzed and monitored as part of the annual 'Strategic Portfolio Review' by the Board and presented to the Supervisory Board. Outcomes are considered in the corporate business strategy of LANXESS.</p> <p>After presenting the results of the first LANXESS Water Risk Assessment, the CEO in consent with the Board decided the LANXESS Water Program and four new ambitious water-related targets/goals in 2020:</p> <ol style="list-style-type: none"> <li>(1) Reduction of specific water consumption by 2% per year</li> <li>(2) Reduction of total organic carbon (TOC) by 2% per year</li> <li>(3) Introduction of a water stewardship program at water risk sites until 2023</li> <li>(4) Reduction of absolute water withdrawal by 15% at water risk sites until 2023 (baseline 2019)</li> </ol>
Chief Operating Officer (COO)	<p>The highest level of direct responsibility for directives, strategies and programs with regard to water, water management and waste water as well as for defining HSE targets and monitoring their attainment is assigned to LANXESS Chief Operating Officer. HSE stands for Health, Safety and Environmental protection (water protection included). The COO directs LANXESS's HSE Sub-Committee, comprising the company's senior executives including the heads of the Business Units and Group Functions. It has responsibility for initiating and monitoring the global implementation of HSE directives, strategies and programs. The COO sets up targets and strategies and supervises the Business Units in the implementation process and identifies the relevant reduction projects. Investment projects are then confirmed together with the CFO.</p> <p>The progress in regards of the water-related targets/goals are actively reported to the COO. In his function as head of the HSE Sub-Committee, he brings the results of the discussion to the attention of the other members of the Board of Management.</p>
Chief Financial Officer (CFO)	<p>The Chief Financial Officer, who is a board member, is responsible to review the corporate risks and the corporate finance structure. This includes the heading of the Corporate Risk Committee (CRC). The Corporate Risk Committee takes over the main oversight function. It is responsible for the structure and implementation of the Group-wide Risk Management process. CRC is made up of senior executives, analyzes, validates and monitors the Group's risk profile as well as the key opportunities, risks and measures, including climate and water related risks and opportunities.</p>
Board-level committee	<p>In order to pursue our sustainability goals even more consistently, a new committee structure was devised. The top decision-making body is the Sustainability Committee (a Board-level committee), which manages all key sustainability issues and includes all Board members. Five Sub-Committees report to the committee and deal with the focus topics of LANXESS's sustainability strategy. One of these Sub-Committees is the Health, Safety and Environment Sub-Committee which takes the ownership for the water topic among other sustainability topics. It comprises the heads of the</p>

	<p>Group Functions Corporate Development, PTSE (Production, Technology, Safety and Environment), LEX (Legal and Compliance ) and selected Business Units.</p> <p>This is no one-time-effort: Our internal sustainability experts systematically examine the existing targets, formulations and indicators in the reporting year, refine them where necessary, and also define new targets for water among other topics.</p>
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## W6.2b

### (W6.2b) Provide further details on the board’s oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<p>Monitoring implementation and performance</p> <p>Overseeing acquisitions and divestiture</p> <p>Overseeing major capital expenditures</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing innovation/R&amp;D priorities</p>	<p>Corporate Risk Committee:</p> <p>The Corporate Risk Committee as the main oversight function for risks and opportunities analyses and validates the key opportunities and risks and their development from a group perspective as well as the management measures. It is headed by the Chief Financial Officer. If necessary, additional analyses or measures are commissioned. This includes all water-related risk topics.</p> <p>Example: For three of our sites located in the Rhine basin (Germany), one water-related risk was identified and brought to the attention of the corporate risk team: The Insufficient supply with raw materials and feed stock due to strong limitations in ship and barge transportation in case of low level of river Rhine.</p> <p>Board of Management:</p> <p>As water stress and other water-related issues are multidimensional, the highest level of direct responsibility lies with the Board of Management headed by the CEO of LANXESS. Strategic water-related risks and/ or chances are analyzed and monitored as part of the annual 'Strategic Portfolio Review' by the Board and presented to the Supervisory Board. Outcomes are considered in the corporate business strategy of LANXESS.</p> <p>HSEQ Committee:</p> <p>LANXESS's HSE Sub-Committee is headed by the</p>

		<p>Setting performance objectives</p>	<p>COO. HSE stands for Health, Safety and Environmental protection (water protection included). This committee comprises of the company's senior executives including the heads of the Business Units and Group Functions. The HSE Sub-Committee has responsibility for initiating and monitoring the global implementation of water-related directives, strategies and programs, as well as for defining HSE targets and monitoring their attainment. This committee is is one of five Sub-Committees of the Sustainability Committee.</p> <p>Sustainability Committee:                  In order to pursue our sustainability goals even more consistently, a new committee structure was devised. The top decision-making body is the Sustainability Committee, which manages all key sustainability issues and includes all Board members. Five sub-committees report to the committee and deal with the focus topics of LANXESS's sustainability strategy. One of these sub-committees is the Health, Safety and Environment Sub-Committee which takes the ownership for the water topic among other environmental topics. It comprises besides the heads of the Group Functions Corporate Development, PTSE (Production, Technology, Safety and Environment), LEX (Legal and Compliance ) and Business Units. This is no one-time-effort: Our internal sustainability experts systematically examine the existing targets, formulations and indicators in the reporting year, refine them where necessary, and also define new targets for water among other topics. One example is our global LANXESS Water Program which we launched in 2020. The responsible use of the resource water is part of our corporate responsibility. We have also initiated our LANXESS Water Stewardship Program to drive our commitment even further forward.</p>
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**W6.2d**

**(W6.2d) Does your organization have at least one board member with competence on water-related issues?**

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	<p>Since the climate and water-related issues are particularly important for the chemical industry, which is very water-intensive, the Executive Board has been dealing with this topic for the last couple of years. The Board of Management dealt with water risk assessments, reduction options at water stress sites, water stewardship measures as well as reporting frameworks. It was the Executive Board that decided on the LANXESS Water Program that was initiated in 2020 and the water targets and goals.</p> <p>The COO has been working intensively on which processes can and must be optimized at our water risk sites in order to contribute to the targets and goals. The COO initiated and leads the Health, Safety and Environmental Protection Sub-Committee, to monitor target achievement in terms of reducing total water withdrawal as well as implementing the LANXESS Water Stewardship framework at our water risk sites.</p> <p>The CFO, who is also part of the Board of Management, is responsible to review the Corporate Risks and the corporate finance structure. This includes the heading of the Corporate Risk Committee (CRC). The Corporate Risk Committee takes over the main oversight function. It is responsible for the structure and implementation of the Group-wide Risk Management process. CRC validates and monitors the Group's risk profile as well as the key opportunities, risks and measures, including climate related risks and opportunities.</p>

## W6.3

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

### Name of the position(s) and/or committee(s)

Chief Operating Officer (COO)

### Responsibility

Assessing future trends in water demand  
 Assessing water-related risks and opportunities  
 Managing water-related risks and opportunities

### Frequency of reporting to the board on water-related issues

More frequently than quarterly

**Please explain**

As a member of the Board of Management, the COO has the highest level of direct responsibility for LANXESS operations. The COO also has the highest level of direct responsibility for directives, strategies and programs with regard to water as well as for defining and monitoring of water targets. The COO not only chairs the HSE Sub-Committee but is responsible for the overall process for eco-efficiency incl. water efficiency and water emission reductions, especially in the case of investment decisions. In this respect several water related topics are reported to the COO: (1) relevant water KPIs (e.g. water withdrawal, consumption, waste water loads) on quarterly basis, (2) Water Stewardship and target achievement at LANXESS water risk sites more frequent than quarterly, (3) results of water risk assessment once a year, (4) Water-related risk and opportunities half-yearly. The COO brings water related topics to the attention of the Board of Management on a regular basis.

**Name of the position(s) and/or committee(s)**

Chief Financial Officer (CFO)

**Responsibility**

Assessing water-related risks and opportunities  
 Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

The Chief Financial Officer chairs the Corporate Risk Committee and supervises all LANXESS investment decisions in the Investment Committee. As water, as well as climate has become an important corporate-wide issues, the CFO assesses and manages climate- and water-related risks and opportunities on a regular basis and therefore more frequently than quarterly. The CFO monitors the target attainment for water and water emission reductions via the HSE performance data that are provided to him by the COO and proceeds with the approval of investment decisions accordingly.

**Name of the position(s) and/or committee(s)**

Sustainability committee

**Responsibility**

Assessing future trends in water demand  
 Assessing water-related risks and opportunities  
 Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly



**Please explain**

In order to pursue our sustainability goals even more consistently, the Sustainability Committee structure was devised. It is the top decision-making body, which manages all key sustainability issues and includes all Board members. Five Sub-Committees report to the committee and deal with the focus topics of LANXESS's sustainability strategy. One of these sub-committees is the Health, Safety and Environment Sub-Committee which takes the ownership for the water topic among other sustainability topics. It comprises besides the heads of the Group Functions Corporate Development, PTSE (Production, Technology, Safety and Environment), LEX (Legal and Compliance ) and Business Units. This is no one-time-effort: Our internal sustainability experts systematically examine the existing targets, formulations and indicators in the reporting year, refine them where necessary, and also define new targets for water among other topics.

**Name of the position(s) and/or committee(s)**

Safety, Health, Environment and Quality committee

**Responsibility**

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

LANXESS's HSE Sub-Committee is comprised of the company's senior executives (including the heads of the Business Units and Group Functions) under the direction of the Chief Operating Officer. HSE stands for Health, Safety and Environmental protection (water protection included). The Committee is coordinated by the Head of the Group Global HSEQ, bearing the responsibility for initiating and monitoring the global implementation of HSE directives, strategies and programs, as well as for defining HSE targets and monitoring their attainment. The Head of the Group Global HSEQ serves as the global representative of the Board of Management in terms of HSE management for LANXESS and its affiliates. The Head of the Group Global HSEQ directly reports to the COO.

**W6.4**

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

Provide incentives for management of water-related issues	Comment

Row 1	No, and we do not plan to introduce them in the next two years	Climate-related incentives exist for higher management level at LANXESS. Extending these incentives to other topics is currently under discussion. It is not excluded that there will also be water-related incentives for upper management in the future.
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## W6.5

### (W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

Yes, trade associations

## W6.5a

### (W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

As climate change and water-related issues are multidimensional, the highest level of direct responsibility lies with the Board of Management headed by the CEO. The Board of Management is responsible for policies, strategies and programs with regard to water, water management and waste water as well as for defining targets and monitoring their attainment. In order to pursue our sustainability goals even more consistently, a new committee structure was devised. The top decision-making body is the Sustainability Committee, which manages all key sustainability issues and includes all Board members. Five Sub-Committees report to the committee and deal with the focus topics of LANXESS's sustainability strategy. One of these Sub-Committees is the Health, Safety and Environment Sub-Committee which takes the ownership for the water topic among other sustainability topics. It comprises the heads of the Group Functions Corporate Development, PTSE (Production, Technology, Safety and Environment), LEX (Legal and Compliance ) and selected Business Units. The Political Relations team coordinates the Group's public affairs activities at the global level. The team's tasks: political communication and positioning of the Group and its strategy regarding politics, administration, associations and non-governmental organizations. This also includes energy, climate and water policy. The relevant stakeholders are addressed locally, regionally, nationally and internationally at all levels.

## W6.6

### (W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

 2021 AR LXS\_web.pdf

## W7. Business strategy

### W7.1

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	<p>LANXESS sees that water availability and quality are global challenges, today and even more in the future. As a responsible water user and solution provider LANXESS enables the improved availability of high quality water for society through its product. LANXESS group strategy aims to grow above average in those markets. This is reflected in the set-up of the new segment “Consumer protection” with a focus on agro, water and human protection solutions. LANXESS is a leading supplier of water treatment products and producer of ion exchange resins of which one main application is drinking water treatment.</p> <p>Thus, one of our water related Long-term business objectives integrated into our business strategy is to capitalize on existing business opportunities. The following example illustrates this:</p> <p>Water Experts estimate the annual water demand to reach 6,900 bn m<sup>3</sup> in 2030, creating a shortfall of 2,700 bn m<sup>3</sup>. This global water supply gap of approx. 40 % creates a business opportunity for LANXESS, as solution provider for water treatment and water extraction technologies. The demand for products to implement water purification is increasing by ~4% p.a. The market for LANXESS specialty products like the Lewatit ion exchange resins, which are also used for microelectronics markets, is increasing even more. LANXESS’s approach is to win a significant share of this absolute growth of ~300m€ in the next 5-10 years.</p>
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	> 30	<p>Our long-term goals are integrated into our Corporate Strategy and detailed into business strategies and specific measures. The corporate strategy process is designed to control the strategic implementation on business level annually. Financial targets are set. Additionally, we have a good track record with Mergers</p>

			<p>&amp; Acquisitions activities and continuously scan the market for additional growth opportunities.</p> <p>On a more operational level we regularly review our strategy with the objective of making LANXESS resilient to risks related to water and climate change. We assess our portfolio in terms of economic, environmental and social sustainability.</p> <p>For example to realize the opportunity mentioned earlier the following strategic approach was implemented:                  Situation: The demand for products to implement water purification is increasing.                  Task: LANXESS is to expand its production capacities in order to serve the demand for water purification products.                  Action: LANXESS launched a project in 2019 that analysed the markets in the individual regions in terms of supply demand development, growth potential and differentiation by product group. It also looked at various countries and sites where a new plant could be built.                  Result: LANXESS announced in 2020, that it is currently planning to build a new production facility, for which it plans to invest between 80m€ and 120m€ in the coming years. Building a new plant is a long-term business decision that has an impact beyond 30 years.</p>
<p>Financial planning</p>	<p>Yes, water-related issues are integrated</p>	<p>&gt; 30</p>	<p>Climate and water-related risks and opportunities have influenced our financial statements in several ways and since many years. As the related effects are not limited in time, they are of course also influencing our financial planning.</p> <p>To realize business growth in the water related market segments, short, medium and long-term revenue targets are defined for all relevant Business Units and Segments, e.g. for the new segment “Consumer protection”. LANXESS group strategy aims to grow above average in those markets. LANXESS continuously invests into R&amp;D. Revenues are influenced due to the sales of chemical products required for water treatment (e.g. Ion exchange resins for food and pharmaceutical industries, semiconductor industry, the chemical industry, microelectronics and drinking water treatment), and of products being suitable for technologies helping to adapt to climate change and to mitigate its consequences.</p>

			<p>LANXESS also defines the costs and investments for realizing the business opportunities identified. To realize its aim of growing in the resins business, as mentioned earlier, LANXESS is currently planning to build a new production facility, for which it plans to invest between 80m€ and 120m€ in the coming years. Building a new plant is a long-term business decision that has an impact beyond 30 years.</p> <p>Besides realizing opportunities for market growth, divestments are as well an accepted measure to improve the water efficiency of our portfolio.</p>
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## W7.2

**(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

Row 1

**Water-related CAPEX (+/- % change)**

**Anticipated forward trend for CAPEX (+/- % change)**

**Water-related OPEX (+/- % change)**

**Anticipated forward trend for OPEX (+/- % change)**

**Please explain**

We do not disclose our financial data at this level due to confidentiality reasons.

## W7.3

**(W7.3) Does your organization use scenario analysis to inform its business strategy?**

	Use of scenario analysis	Comment
Row 1	Yes	<p>We have used quantitative scenario analysis for water, to support the development of our LANXESS Water Program, which eventually gets translated into our business strategies.</p> <p>Our extensive water risk assessment was developed and used in combination</p>

		with the scenario-analysis (e.g. Current and Future water risk under pessimistic, optimistic or business as usual scenarios) provided by recognized water tools like WWF Water Risk Filter and WRI Aqueduct to make informed water related decisions. This scenario analysis provided the basis for choosing our water risk sites. Site-specific targets and goals were developed for the identified water risk sites, which in turn provides the basis for the business strategy for these sites.
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## W7.3a

**(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.**

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	<p>We used the credible, publicly available tools WRI Aqueduct and WWF Water Risk Filter for assessing future water risks in relation to climate scenarios. Both tools combine different climate scenarios (IPCC Representative Concentration Pathways - RCP and IIASA Shared Socioeconomic Pathways - SSP) to explore future water risks.</p> <p>The most important scenario used is the assessment of future water stress in a 10 years perspective and the pessimistic scenario. The "pessimistic" scenario (SSP3 RCP8.5) represents a fragmented world with uneven economic development, higher population growth, lower GDP growth, and a lower rate of urbanization, all of which potentially affect water usage; and steadily</p>	<p>All LANXESS production sites are assessed once a year. Last assessment was done in first quarter of 2022, based on 2021 data. The combination of current and future water stress and water withdrawal per ton of product is used to identify production sites with the highest potential risk. Using this assessment, we have determined four water risk sites, namely Jhagadia (India), Latina (Italy), Nagda (India) and Qingdao (China).</p> <p>A high water stress score indicates that much of the available and accessible fresh water is needed to meet human and ecological demands. Increasing water stress might increase the risk of water supply shortages. As a chemicals company, we mainly rely on water for cooling (81 %) and</p>	<p>The assessment of water stress and other water related risk indicators and scenarios was the basis for the development of the LANXESS Water Program. Targets and goals were derived for the whole group and contextual targets for our four water risk sites. As water, other than CO2, is a local topic which needs to be addressed locally, our four risk sites are the focus of our efforts. To fulfill the reduction target (15% until 2023) as well as the goal to become a water stewardship site (until 2023), strategic decisions must be made. Technical solutions and investment decisions are needed as well as cooperation’s with local communities.</p> <p>Example Latina site (Italy): In order to be more</p>

		<p>rising global carbon emissions, with CO2 concentrations reaching ~1370 ppm by 2100 and global mean temperatures increasing by 2.6–4.8°C relative to 1986–2005 levels.</p>	<p>process purposes (17 %). Extreme water scarcity situations could lead to serious impacts on production volumes or even shutdowns of plants. In addition, stricter regulations, such as withdrawal permits, can be expected. Another risk is that the changes in regulations will occur in shorter periods of time. Necessary adjustments to processes and management would have to be made under great time pressure, which is a potential risk for LANXESS. As a consequence, a high water stress score requires an even more responsible use of water. The less water a site withdraws for production, the lower the risk posed by water scarcity. For that reason the indicator specific water withdrawal per ton of product is very important.</p>	<p>efficient new cooling-towers are installed and a switch over to existing cooling towers was made wherever possible. This will result in huge water savings and a reduction in water withdrawal amounts. Multiple flow-meters are installed for more accurate water accounting and an on-site rain water harvesting project is being explored in Latina to further reduce the fresh water withdrawal from the nearby canal. First results of the improvements are expected to be visible by the end of 2023. The target achievement is assessed on regular basis to possibly adjust the strategy. Similar measures and projects are planned at the other water risk sites as well.</p>
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## W7.4

### (W7.4) Does your company use an internal price on water?

#### Row 1

#### Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

#### Please explain

We have an internal price for carbon and do not see an immediate requirement to introduce an internal monetary price to water. As a responsible user, we strive to use the water resource with utmost conscience and accountability. However, introducing an internal water price is a part of our long term plans.

## W7.5

**(W7.5) Do you classify any of your current products and/or services as low water impact?**

	Products and/or services classified as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<p>LANXESS created a new brand called “Scopeblue”. Products with an outstanding sustainability profile will be labeled with Scopeblue. The label will signify products that either comprise at least 50% sustainable raw materials or whose carbon footprint is at least 50% less than that of their conventional counterparts.</p> <p>Focusing on carbon footprints now, Scopeblue has the potential to be extended by other sustainability relevant KPIs. Water is one of them. Water is already an important criteria of the LANXESS Product Sustainability monitor. The water impact of a product is assessed by contrasting water stress at the production site and the specific water withdrawal of the product. A matrix like that enables us to identify products with a low water impact.</p>

## W8. Targets

### W8.1

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	<p>Company-wide targets and goals</p> <p>Site/facility specific targets and/or goals</p>	<p>Targets are monitored at the corporate level</p> <p>Goals are monitored at the corporate level</p>	<p>The company-wide non-financial targets and goals are set on a yearly basis. We aim to continuously contribute to the water security in the areas we operate by setting ourselves targets and goals which go beyond the legal requirements. The LANXESS HSEQ (Health, Safety, Environment &amp; Quality) experts discuss and define targets for different environmental-related KPIs based on the assessment of water performance of the company. This assessment includes monitoring and analyzing the water specific parameters such as water usage, quality and discharge and the identification of water risk sites by using LANXESS specific water risk assessment, in combination with the data from online water tools (WWF Water Risk Filter and WRI Aqueduct). These goals and targets are decided upon by the</p>



		<p>LANXESS Board of Management. Monitoring of water-related goals and targets is done at corporate level, even for site-specific targets and goals. For this reporting year, LANXESS has set 3 water targets and one goal.</p> <p>Target 1: A continuous company-wide target of reducing specific water consumption by 2% y/y.          Approach: This target reflects our commitment towards striving for continuous efficiency improvements at all our sites every year. In addition, due to water scarcity and increasing water prices in certain areas of the world, a reduction in water consumption is seen as a risk mitigation measure.</p> <p>Target 2: A continuous company-wide target of reducing specific TOC values in wastewater by 2% compared to the previous year          Approach: Reducing the pollutants in wastewater discharges, even beyond the permit limits is a measure to contribute towards improving the water body quality in the areas we operate. As a responsible water user, we see it as a step towards reducing environmental impact. LANXESS intends to continue with this target for coming years.</p> <p>Target 3: A site-specific target of 15% absolute reduction of water withdrawal at water risk sites until 2023 (base year 2019)          Approach: To address the water-stress situation at our identified water risk sites, this site-specific target was established in accordance with our dedication to reduce our absolute withdrawal amounts in the water-stress areas. We set ourselves an ambitious "absolute target" instead of a specific target to start our journey of becoming a water steward in that area. It can be seen as a cornerstone to implementing our water stewardship program on our water risk sites.</p> <p>Goal: Site-Specific goal of Implementing water stewardship program at water risk sites until 2023          Approach: As an holistic approach to address the local water-stress situation at our water risk sites beyond the site boundaries, we decided to implement a site-specific water stewardship program to engage with local stakeholders at catchment level. This includes developing site-specific action plans, collaborative and multi-stakeholder water projects to address shared basin risks and adapting best water management practices on site.</p>
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## W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

### Target reference number

Target 1

### Category of target

Water withdrawals

### Level

Site/facility

### Primary motivation

Risk mitigation

### Description of target

Target 1: Site-Specific target of 15% absolute reduction of water withdrawal at water risk sites until 2023 (base year 2019).

Motivation: To address the water-stress situation at our water risk sites at catchment level and as a conscious water user located in a water-stress area, we set ourselves this target to withdraw as less water as possible from the catchment.

Company rationale: While operating in a water risk area we strive to become water stewards in this area and adapt the best water management practices on-site, which go up and above our permit requirements. Although neither of the four sites experienced production disruptions due to inadequate water supply in the past decade, we set ourselves an ambitious absolute withdrawal target, instead of a specific water withdrawal target to ensure an overall water use efficiency improvement and mitigate risks.

### Quantitative metric

% reduction in total water withdrawals

### Baseline year

2019

### Start year

2020

### Target year

2023

### % of target achieved

70

### Please explain

This target of 15% absolute reduction in water withdrawal is applicable to our four water risk sites which has to be achieved by 2023 with the base year being 2019. Through different water saving and efficiency projects a total of 10.5% reduction could already be achieved for the reporting year 2021 compared to 2019.

\*Note: We hereby correct the start year for this target as 2020

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**Target reference number**

Target 2

**Category of target**

Water pollution reduction

**Level**

Company-wide

**Primary motivation**

Reduced environmental impact

**Description of target**

Target 2: A continuous company-wide target of 2% year-on-year specific reduction in concentration of TOC values (TOC per EUR sales) in our discharged wastewater.

Motivation: Aligning to our commitment to protect the local water bodies in the areas we operate, we set this TOC reduction target every year. We strive to contribute towards maintaining or improving the quality of the water in the local water bodies by aiming to continuously reduce the released TOC amounts even beyond our permit limits.

Company rationale: Reducing the pollutants in wastewater discharges, even beyond the permit limits is seen as a measure to contribute towards improving the water quality in the areas we operate. As a responsible water user, we see it as a step towards reducing environmental impact. LANXESS intends to continue with this target for coming years.

On a yearly basis LANXESS HSEQ (Health, Safety, Environment & Quality) experts discuss and define targets for different environmental-related KPIs.

**Quantitative metric**

% reduction in concentration of pollutants

**Baseline year**

2020

**Start year**

2020

**Target year**

2021

**% of target achieved**

100

**Please explain**

For this reporting year LANXESS achieved 100% of its continuous target of 2% y/y specific TOC reduction in our wastewater volumes. This is a specific target with denominator as the revenue number and measured total TOC values as the numerator (kilograms per thousand euro sales).

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**Target reference number**

Target 3

**Category of target**

Water consumption

**Level**

Company-wide

**Primary motivation**

Risk mitigation

**Description of target**

Target 3: A continuous company-wide target of 2% year-on-year reduction in specific water consumption (cubic meter per EUR sales).

Motivation: There is unequal distribution of water availability across the globe and chronic shortages are predicted in the coming future. Therefore, we aim to steadily decrease our consumption and increase our water efficiency by setting this water consumption reduction target every year.

Company rationale: Due to water scarcity and increasing water prices in certain areas across the globe, a continuous reduction in water consumption is seen as a risk mitigation measure. On a yearly basis LANXESS HSEQ (Health, Safety, Environment & Quality) experts discuss and define targets for different environmental-related KPIs.

**Quantitative metric**

% reduction in total water consumption

**Baseline year**

2020

**Start year**

2020

**Target year**

2021

**% of target achieved**

100

**Please explain**

For this reporting year LANXESS achieved 100% of its continuous target of 2% y/y specific water consumption values. This is a specific target with denominator as the revenue number and calculated consumption amounts as the numerator (Water consumption in cubic meters per thousand euros of sales).

## W8.1b

**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

### Goal

Engaging with local community

### Level

Site/facility

### Motivation

Water stewardship

### Description of goal

Goal: Implementation of water stewardship program at water risk sites until 2023

Importance: Being a responsible water user, we understand that water stress is a physical risk that needs to be addressed through collective engagement also outside the site-boundaries. As a holistic approach to addressing the waterstress situation at water risk sites, we are implementing this water stewardship program at each of these sites.

Implementation: This program is being driven by the central corporate level by coordinating with designated colleagues at the site-level. The sites are responsible for the successful implementation of this program at their own sites. Relevant support and guidance is provided to them from the corporate level. To implement this program, we developed a LANXESS specific Water Stewardship Framework that is based on accepted standards and reflects the special needs of our company. This Framework defines 66 criteria a risk site has to fulfill or be able to deliver information on. Seven main water topics namely Water quantity, Water quality, WASH, Best practices, Water costs, Reputational risk and Regulatory risk are addressed at catchment and site level. A response plan guideline is included in this Framework to guide the sites to develop their own site-specific response plan to fulfill the gaps and expectations identified to be a water steward. The sites will have to finish implementing these planned actions and projects by the end of 2023.

### Baseline year

2019

### Start year

2020

### End year

2023

### Progress

In 2021 the identified water risk sites have developed a site-specific response plan in accordance with the LXS-specific Water Stewardship Framework to fulfill the defined

requirements. The progress is up to date as scheduled:  
 2020: Adapt the LANXESS Specific Framework;  
 2021: Develop a site-specific response plan;  
 2022: Start implementing the planned actions;  
 2023: Successfully finish implementing the planned actions

Success indicators: The mandatory criteria to be fulfilled are as follows:  
 1. Full overview of water inputs and outputs (water balance) (Only 5% deviation is accepted)  
 2. Maintain or reduce water withdrawal and impact on water quality (target + target achievement)  
 3. Community engagement project at the catchment level  
 4. Basic WASH needs are addressed  
 5. Awareness and alignment on reputational and regulatory risks

Threshold of success: The sites have to fulfill all the 5 criteria by the end of 2023 mentioned above to qualify as a Water Steward. The sites have already fulfilled the 4th and 5th criteria of the requirements specified above. The sites have a concrete plan of action to fulfill the rest of the requirements by the end of 2023. The sites have started the implementing the planned actions as scheduled from Quarter 1 of 2022.

Monitoring and verification procedure: The implementation of the actions and their success is monitored and verified by the sustainability team at the corporate office.

## W9. Verification

### W9.1

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

Yes

 2021 AR LXS\_web.pdf

### W9.1a

**(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total Water withdrawal in water stress areas	ISAE 3000	The KPI is part of the independent third party audit by PwC (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) with limited assurance. The auditor used the ISAE 3000 and the GRI standard. The audits focus on business unit and site information. See Annual Report p. 30.

## W10. Sign off

### W-FI

**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### W10.1

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

	Job title	Corresponding job category
Row 1	Chief Operating Officer (COO)/ Member of the Board of Management	Chief Operating Officer (COO)

### W10.2

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

No