

## COMPENSATION REPORT

### Compensation of the Board of Management

The structure of the compensation system and the level of compensation for the members of the Board of Management are determined by the Supervisory Board. The appropriateness of the compensation is regularly reviewed. The criteria for determining the appropriateness of the compensation for an individual Board of Management member include, in particular, his duties, his personal performance, the economic situation, and the success and sustainable growth of the LANXESS Group. Consideration is also given to compensation at comparable companies and the company's overall compensation structure, including as well the ratio between the compensation of the Board of Management and that of LANXESS's senior executives and the rest of the workforce, both overall and in terms of time. The compensation structure is also designed to be competitive in the international market for highly qualified executives and provide the motivation to successfully work toward sustainable corporate development.

The compensation system that was introduced for members of the Board of Management in 2010 was approved by the Annual Stockholders' Meeting of LANXESS AG on May 28, 2010. This compensation system was applied when concluding the service contracts with all Board of Management members.

The components of the compensation for members of the Board of Management are the annual base salary; the variable components, which are the Annual Performance Payment, the Long-Term Stock Performance Plan and the Long-Term Performance Bonus; and a retirement pension. The three variable components are linked to LANXESS's annual performance and, particularly, to its corporate success over a number of years. The average compensation mix of 31 % annual base salary and 69 % variable compensation components, assuming 100 % target attainment, is strongly aligned with the company's performance and long-term value creation. The present service contracts for members of the Board of Management set out the annual base salary and caps on the amounts for the variable compensation components. They do not provide for a separate cap on total compensation, even taking into account a possible discretionary bonus.

#### Compensation Mix for Members of the Board of Management

%	
Annual base salary	31
Annual Performance Payment	35
Long Term Stock Performance Plan	20
Long Term Performance Bonus	14
	<b>100</b>

### Annual base salary

The fixed compensation comprises the annual base salary and compensation in kind, the latter consisting mainly of the tax value of perquisites, such as the use of a company car. The annual base salary of the members of the Board of Management is market-oriented and in line with that paid at other comparable companies.

### Variable compensation

The annual performance-based component of the variable compensation, known as the Annual Performance Payment (APP), is based on corporate business targets and other conditions, such as the attainment of certain targets for EBITDA pre exceptionals, which are defined by the Supervisory Board before the beginning of the respective fiscal year. In the case of 100 % target attainment, the individual APP budget for 2016 for Mr. Zachert is 125 % and for the other members of the Board of Management 100 % of their respective annual base salaries. The maximum payment is defined on an annual basis by the Supervisory Board. For fiscal 2016, it was capped at 150 % of the individual budgets for the members of the Board of Management – assuming 100 % target attainment. For fiscal 2017, the maximum payment is capped at 200 % of the individual budgets in line with the caps applied for non-managerial and managerial staff. Actual payments may differ from the amount calculated in advance.

The Long-Term Stock Performance Plan (LTSP) is another element of variable compensation. This compensation component is based on the performance of LANXESS stock against a reference index, the Dow Jones STOXX 600 Chemicals<sup>SM</sup>. The LTSP responds to the call by legislators for a stronger focus on long-term company performance. It is divided into four four-year tranches. The possible payment per tranche is 30 % of the individual target income, assuming 100 % target attainment. The condition for participation in the LTSP is a prior personal investment each year in LANXESS shares to a value of 5 % of the annual base salary. These shares are subject to an average vesting period of five years (LTSP 2010–2013) and four years (LTSP 2014–2017). The rights granted by the LTSP may be exercised at the end of these periods. The exercise period is three years in general, but five years for the 2012 and 2013 tranches. The LTSP 2014–2017 program uses the MSCI World Chemicals Index as a new reference index. There were no further material changes compared with the LTSP 2010–2013.

For more information, particularly regarding the valuation parameters applied, please see Note [15] to the consolidated financial statements.

The personnel expenses in fiscal 2016 for share-based compensation for active members of the Board of Management were €1,966 thousand for Mr. Zachert (2015: €450 thousand), €293 thousand for Dr. Fink (2015: €0 thousand), €293 thousand for Mr. Pontzen (2015: €0 thousand) and €879 thousand for Dr. van Roessel (2015: €245 thousand). The personnel expenses for former members of the Board of Management were €0 thousand for Dr. Düttmann (2015: €755 thousand).

The Long-Term Performance Bonus (LTPB), which is the third variable compensation component, is likewise aligned with long-term corporate performance. It rewards target attainment only after two successive fiscal years. The basis for calculating the LTPB is the individual APP target attainment for the fiscal years in question. The exact amount of the LTPB results from the average individual APP target attainment for the two fiscal years. Assuming an average APP target attainment of 100%, the LTPB amounts to 45% of the annual base salary. Actual payments in 2017 and 2018 may differ from the amounts calculated in advance.

**Compensation of the Board of Management**

	Fixed compensation			Variable compensation			Payments from LTSP rights		Total
	Year	Annual base salary	Compensation in kind	Performance bonus <sup>1)</sup>	LTPB (multi-year)	Payment for previous years <sup>2)</sup>	Total cash compensation	Fair values	
<b>€ thousand</b>									
<b>Serving members of the Board of Management as of December 31, 2016</b>									
	<b>2016</b>	<b>1,200</b>	<b>73</b>	<b>2,250</b>	<b>810<sup>4)</sup></b>	<b>(82)</b>	<b>4,251</b>	<b>1,337</b>	<b>5,588</b>
Matthias Zachert	2015	1,200	66	2,250	810 <sup>3)</sup>	–	4,326	721	5,047
	<b>2016</b>	<b>450</b>	<b>53</b>	<b>675</b>	<b>304<sup>4)</sup></b>	<b>(7)</b>	<b>1,475</b>	<b>446</b>	<b>1,921</b>
Dr. Hubert Fink (as of October 1, 2015)	2015	113	14	169	76 <sup>3)</sup>	–	372	–	372
	<b>2016</b>	<b>450</b>	<b>44</b>	<b>675</b>	<b>304<sup>4)</sup></b>	<b>(20)</b>	<b>1,453</b>	<b>446</b>	<b>1,899</b>
Michael Pontzen (as of April 1, 2015)	2015	338	33	506	228 <sup>3)</sup>	–	1,105	–	1,105
	<b>2016</b>	<b>650</b>	<b>50</b>	<b>975</b>	<b>439<sup>4)</sup></b>	<b>(38)</b>	<b>2,076</b>	<b>368</b>	<b>2,444</b>
Dr. Rainier van Roessel	2015	650	49	975	439 <sup>3)</sup>	(31)	2,082	347	2,429
<b>Former members of the Board of Management as of December 31, 2016</b>									
	<b>2016</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Dr. Bernhard Düttmann (until March 31, 2015)	2015	163	15	187	73 <sup>3)</sup>	(31)	407	–	407
	<b>2016</b>	<b>2,750</b>	<b>220</b>	<b>4,575</b>	<b>1,857</b>	<b>(147)</b>	<b>9,255</b>	<b>2,597</b>	<b>11,852</b>
<b>Total</b>	2015	2,464	177	4,087	1,626	(62)	8,292	1,068	9,360

1) Payment in 2016 and 2017, respectively 2) Payment in 2015 and 2016, respectively 3) Payment of 50% each in 2016 and 2017 4) Payment of 50% each in 2017 and 2018

The aggregate compensation of the Board of Management was €11,852 thousand (2015: €9,360 thousand), comprising €2,970 thousand (2015: €2,641 thousand) in non-performance-related components, €6,285 thousand (2015: €5,651 thousand) in performance-related components and €2,597 thousand (2015: €1,068 thousand) in components with a long-term incentive effect. Under the LTSP, members of the Board of Management were granted a total of 1,740,000 rights for 2016 and an additional 1,350,000 rights for 2012 and 1,350,000 rights for 2013. A total of 1,200,000 rights were granted in 2015.

**Retirement pensions**

On termination of their service contracts, the members of the Board of Management receive benefits under the company pension plan. These benefits are paid when the beneficiary reaches the age of 60 or if the beneficiary is permanently unable to work. They are paid to surviving dependents in the event of the beneficiary's death.

The pension plan for the members of the Board of Management is a defined contribution plan stipulating a basic contribution to be made by the company equal to 25% of the annual base salary and APP. The maximum amount taken into account for calculating the APP contribution is that due on 100% target attainment, irrespective of the actual target attainment. Moreover, the members of the Board of Management must themselves pay an amount from deferred compensation amounting to 12.5% of the APP. The members of the Board of Management may increase their personal contribution to up to 25% of the APP. From the date of entitlement, up to 30% of the accumulated capital – including the interest thereon – may be converted to a pension benefit. There are claims arising from provisions in place before 2006 that are granted as vested rights to individual members of the Board of Management. If the service contract ends before the beneficiary reaches the age of 60, the company pays certain additional benefits up to a defined ceiling.

LANXESS has established provisions for the future claims of Board of Management members. In 2016, the total service cost recognized under IFRS accounting rules in the consolidated financial statements for this purpose was €1,173 thousand (2015: €1,640 thousand). The present value of the obligations for the members of the Board of Management serving as of December 31, 2016, was €16,033 thousand (2015: €11,903 thousand). Under IFRS accounting principles, the service cost for pension entitlements earned in 2016 and the present value of the obligations, including acquired rights, as of December 31, 2016, amounted to, respectively, €659 thousand and €4,522 thousand (2015: €597 thousand and €2,716 thousand) for Mr. Zachert, €142 thousand and €3,162 thousand (2015: €43 thousand and €2,322 thousand) for Dr. Fink, €228 thousand and €1,607 thousand (2015: €432 thousand and €1,018 thousand) for Mr. Pontzen, and €144 thousand and €6,742 thousand (2015: €151 thousand and €5,847 thousand) for Dr. van Roessel. The service cost for former Board of Management member Dr. Düttmann for his service in 2015 came to €417 thousand.

The net expense for pension entitlements recognized under HGB accounting rules in the 2016 annual financial statements for this purpose was €1,385 thousand (2015: €2,628 thousand). The present value of the obligations for the members of the Board of Management serving as of December 31, 2016, was €11,691 thousand (2015: €10,307 thousand). Under HGB accounting rules, the present value of the obligations, including vested rights, for the members of the Board of Management serving as of December 31, 2016, amounted to, respectively, €3,026 thousand for Mr. Zachert (2015: €2,237 thousand), €2,116 thousand for Dr. Fink (2015: €1,927 thousand), €972 thousand for Mr. Pontzen (2015: €802 thousand) and €5,577 thousand for Dr. van Roessel (2015: €5,341 thousand).

As of December 31, 2016, obligations to former members of the Board of Management totaled €34,497 thousand (2015: €30,318 thousand) under IFRS accounting rules and €26,041 thousand (2015: €26,682 thousand) under HGB accounting rules.

#### **Benefits associated with and following termination of service on the Board of Management**

The members of the Board of Management have indemnification rights should their service contracts be terminated for defined reasons at the instigation of the company or in the event of a material change of control over the company. The terms depend on the respective circumstances and include severance payments amounting to up to two times the annual base salary or, in the event of a change of control, three times the annual base salary, plus the APP and LTPB assuming 100% target achievement and compensation pro rata temporis of LTSP rights. On the basis of agreements existing with Dr. Fink and Mr. Pontzen, the calculation of severance payments to be made in the event of early termination of their service contracts does not include the LTPB and LTSP variable compensation components.

No additional benefits have been pledged to any member of the Board of Management in the event of termination of their service.

Dr. Düttmann resigned from the Board of Management by mutual agreement effective March 31, 2015, and left the company. Up to this time, the contractually agreed benefits were granted and paid, including the variable compensation for fiscal 2015 that had already been earned. At that time, existing LTSP rights were evaluated at €1.00 per right and compensation paid pro rata, depending on the length of the vesting period that had already elapsed. This resulted in an entitlement of €857 thousand. In addition, Dr. Düttmann was granted a severance payment of €3,380 thousand comprising two times the target income, which was the annual base salary plus the APP and LTPB assuming 100% target attainment.

Dr. Breuers left the company on expiration of his service contract effective May 31, 2015. He had already resigned from the Board of Management effective August 5, 2014. The contractually agreed terms of his compensation remained applicable until he left the company. At that time, existing LTSP rights were evaluated at €1.00 per right and compensation paid pro rata, depending on the length of the vesting period that had already elapsed. This resulted in an entitlement of €729 thousand. In addition, Dr. Breuers was granted and paid a severance payment of €1,690 thousand comprising a target income, which was the annual base salary plus the APP and LTPB assuming 100% target attainment.

In 2016, compensation of former members of the Board of Management totaled €1,244 thousand (2015: €3,673 thousand).

#### **Other benefits**

In 2016, no member of the Board of Management received benefits or assurances of benefits from third parties in respect of their duties as members of the Board of Management.

No loans were granted to members of the Board of Management in fiscal 2016.

#### **Individual compensation in line with the recommendations of the German Corporate Governance Code**

The following tables list the compensation, additional benefits and allocations (payments) for 2015 and 2016, in line with the recommendations of the German Corporate Governance Code. The variable compensation components differ depending on the reference period. The amounts of compensation shown also include the maximum and minimum attainable compensation.

**Compensation Granted (Serving Members of the Board of Management as of December 31, 2016)**

€ thousand	Matthias Zachert Chairman of the Board of Management Appointed April 1, 2014				Dr. Hubert Fink Member of the Board of Management Appointed October 1, 2015			
	Target value 2015	Target value 2016	2016 (min.)	2016 (max.)	Target value 2015	Target value 2016	2016 (min.)	2016 (max.)
Annual base salary	1,200	1,200	1,200	1,200	113	450	450	450
Compensation in kind	66	73	73	73	14	53	53	53
<b>Total</b>	<b>1,266</b>	<b>1,273</b>	<b>1,273</b>	<b>1,273</b>	<b>127</b>	<b>503</b>	<b>503</b>	<b>503</b>
<b>Annual Performance Payment (APP)</b>	<b>1,500</b>	<b>1,500</b>	<b>0</b>	<b>2,250</b>	<b>113</b>	<b>450</b>	<b>0</b>	<b>675</b>
<b>Multi-year variable compensation</b>	<b>1,261</b>	<b>1,876</b>	<b>0</b>	<b>5,670</b>	<b>152</b>	<b>649</b>	<b>0</b>	<b>1,924</b>
LTPB (tranche 2014–2015)	–	–	–	–	25	–	–	–
LTPB (tranche 2015–2016)	540	–	–	–	127	–	–	–
LTPB (tranche 2016–2017)	–	540	0	810	–	203	0	304
LTSP 2010–2013 (tranche 2012)	–	356	0	1,620	–	119	0	540
LTSP 2010–2013 (tranche 2013)	–	243	0	1,620	–	81	0	540
LTSP 2014–2017 (tranche 2015)	721	–	–	–	–	–	–	–
LTSP 2014–2017 (tranche 2016)	–	737	0	1,620	–	246	0	540
<b>Total</b>	<b>4,027</b>	<b>4,649</b>	<b>1,273</b>	<b>9,193</b>	<b>392</b>	<b>1,602</b>	<b>503</b>	<b>3,102</b>
Service cost	597	659	659	659	43	142	142	142
<b>Total compensation</b>	<b>4,624</b>	<b>5,308</b>	<b>1,932</b>	<b>9,852</b>	<b>435</b>	<b>1,744</b>	<b>645</b>	<b>3,244</b>

**Compensation Granted (Serving Members of the Board of Management as of December 31, 2016)**

€ thousand	Michael Pontzen Chief Financial Officer Appointed April 1, 2015				Dr. Rainier van Roessel Member of the Board of Management Appointed January 1, 2007			
	Target value 2015	Target value 2016	2016 (min.)	2016 (max.)	Target value 2015	Target value 2016	2016 (min.)	2016 (max.)
Annual base salary	338	450	450	450	650	650	650	650
Compensation in kind	33	44	44	44	49	50	50	50
<b>Total</b>	<b>371</b>	<b>494</b>	<b>494</b>	<b>494</b>	<b>699</b>	<b>700</b>	<b>700</b>	<b>700</b>
<b>Annual Performance Payment (APP)</b>	<b>338</b>	<b>450</b>	<b>0</b>	<b>675</b>	<b>650</b>	<b>650</b>	<b>0</b>	<b>975</b>
<b>Multi-year variable compensation</b>	<b>253</b>	<b>649</b>	<b>0</b>	<b>1,924</b>	<b>640</b>	<b>661</b>	<b>0</b>	<b>1,219</b>
LTPB (tranche 2014–2015)	76	–	–	–	–	–	–	–
LTPB (tranche 2015–2016)	177	–	–	–	293	–	–	–
LTPB (tranche 2016–2017)	–	203	0	304	–	293	0	439
LTSP 2010–2013 (tranche 2012)	–	119	0	540	–	3	0	0
LTSP 2010–2013 (tranche 2013)	–	81	0	540	–	10	0	0
LTSP 2014–2017 (tranche 2015)	–	–	–	–	347	–	–	–
LTSP 2014–2017 (tranche 2016)	–	246	0	540	–	355	0	780
<b>Total</b>	<b>962</b>	<b>1,593</b>	<b>494</b>	<b>3,093</b>	<b>1,989</b>	<b>2,011</b>	<b>700</b>	<b>2,894</b>
Service cost	432	228	228	228	151	144	144	144
<b>Total compensation</b>	<b>1,394</b>	<b>1,821</b>	<b>722</b>	<b>3,321</b>	<b>2,140</b>	<b>2,155</b>	<b>844</b>	<b>3,038</b>

**Allocations (Serving Members of the Board of Management as of December 31, 2016)**

€ thousand	Matthias Zachert Chairman of the Board of Management Appointed April 1, 2014		Dr. Hubert Fink Member of the Board of Management Appointed October 1, 2015	
	2015	2016	2015	2016
Annual base salary	1,200	1,200	113	450
Compensation in kind	66	73	14	53
<b>Total</b>	<b>1,266</b>	<b>1,273</b>	<b>127</b>	<b>503</b>
<b>Annual Performance Payment (APP)</b>	<b>2,250</b>	<b>2,190</b>	<b>169</b>	<b>670</b>
<b>Multi-year variable compensation</b>	<b>405</b>	<b>788</b>	<b>38</b>	<b>188</b>
LTPB (tranche 2013–2014)	–	–	–	–
LTPB (tranche 2014–2015)	405	(11)	38	(1)
LTPB (tranche 2015–2016)	–	799	–	189
LTSP 2010–2013 (tranche 2011)	–	–	–	–
LTSP 2010–2013 (tranche 2012)	–	–	–	–
LTSP 2010–2013 (tranche 2013)	–	–	–	–
LTSP 2014–2017 (tranche 2014)	–	–	–	–
<b>Total</b>	<b>3,921</b>	<b>4,251</b>	<b>334</b>	<b>1,361</b>
Service cost	597	659	43	142
<b>Total compensation</b>	<b>4,518</b>	<b>4,910</b>	<b>377</b>	<b>1,503</b>

**Allocations (Serving Members of the Board of Management as of December 31, 2016)**

€ thousand	Michael Pontzen Chief Financial Officer Appointed April 1, 2015		Dr. Rainier van Roessel Member of the Board of Management Appointed January 1, 2007	
	2015	2016	2015	2016
Annual base salary	338	450	650	650
Compensation in kind	33	44	49	50
<b>Total</b>	<b>371</b>	<b>494</b>	<b>699</b>	<b>700</b>
<b>Annual Performance Payment (APP)</b>	<b>506</b>	<b>661</b>	<b>953</b>	<b>949</b>
<b>Multi-year variable compensation</b>	<b>114</b>	<b>260</b>	<b>343</b>	<b>427</b>
LTPB (tranche 2013–2014)	–	–	(4)	–
LTPB (tranche 2014–2015)	114	(3)	347	(6)
LTPB (tranche 2015–2016)	–	263	–	433
LTSP 2010–2013 (tranche 2011)	–	–	–	–
LTSP 2010–2013 (tranche 2012)	–	–	–	–
LTSP 2010–2013 (tranche 2013)	–	–	–	–
LTSP 2014–2017 (tranche 2014)	–	–	–	–
<b>Total</b>	<b>991</b>	<b>1,415</b>	<b>1,995</b>	<b>2,076</b>
Service cost	432	228	151	144
<b>Total compensation</b>	<b>1,423</b>	<b>1,643</b>	<b>2,146</b>	<b>2,220</b>

**Compensation Granted (Former Members of the Board of Management as of December 31, 2016)**

€ thousand	Target value 2015	Dr. Bernhard Düttmann Chief Financial Officer Resigned March 31, 2015		
		Target value 2016	2016 (min.)	2016 (max.)
Annual base salary	163	-	-	-
Compensation in kind	15	-	-	-
<b>Total</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual Performance Payment (APP)</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Multi-year variable compensation</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>
LTPB (tranche 2014–2015)	-	-	-	-
LTPB (tranche 2015–2016)	37	-	-	-
LTPB (tranche 2016–2017)	-	-	-	-
LTSP 2010–2013 (tranche 2012)	-	-	-	-
LTSP 2010–2013 (tranche 2013)	-	-	-	-
LTSP 2014–2017 (tranche 2015)	-	-	-	-
LTSP 2014–2017 (tranche 2016)	-	-	-	-
<b>Total</b>	<b>402</b>	<b>-</b>	<b>-</b>	<b>-</b>
Service cost	417	-	-	-
<b>Total compensation</b>	<b>819</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Allocations (Former Members of the Board of Management as of December 31, 2016)**

€ thousand	Dr. Bernhard Düttmann Chief Financial Officer Resigned March 31, 2015		Dr. Werner Breuers Member of the Board of Management Resigned August 5, 2014	
	2015	2016	2015	2016
Annual base salary	163	-	-	-
Compensation in kind	15	-	-	-
<b>Total</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual Performance Payment (APP)</b>	<b>165</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Multi-year variable compensation</b>	<b>1,054</b>	<b>-</b>	<b>729</b>	<b>-</b>
LTPB (tranche 2013–2014)	(4)	-	-	-
LTPB (tranche 2014–2015)	164	-	-	-
LTPB (tranche 2015–2016)	37	-	-	-
LTSP 2010–2013 (tranche 2011)	305	-	272	-
LTSP 2010–2013 (tranche 2012)	255	-	269	-
LTSP 2010–2013 (tranche 2013)	175	-	188	-
LTSP 2014–2017 (tranche 2014)	122	-	-	-
<b>Total</b>	<b>1,397</b>	<b>-</b>	<b>729</b>	<b>-</b>
Service cost	417	-	-	-
<b>Total compensation</b>	<b>1,814</b>	<b>-</b>	<b>729</b>	<b>-</b>

### Compensation of the Supervisory Board

The compensation of the Supervisory Board is governed by Section 12 of the company's articles of association. The members of the Supervisory Board of LANXESS AG receive fixed compensation of €80 thousand per year. The Chairman of the Supervisory Board receives three times, and the Vice Chairman one and a half times, this amount. Serving as the chair or a member of Supervisory Board committees is compensated separately in accordance with the German Corporate Governance Code. Supervisory Board members who belong to a committee receive one half of the fixed compensation amount in addition. The chair of the Audit Committee receives a further half. Supervisory Board members who chair a committee other than the Audit Committee receive a further quarter. However, no member may receive in total more than three times the fixed compensation amount.

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

The Supervisory Board members also receive a long-term incentive based on the company's performance during the standard term of an individual's membership on the Supervisory Board (five years). Unlike the fixed compensation component, this variable compensation component is not paid every year, but only once at the end of the standard term of office. If a Supervisory Board member serves a shorter term, the amount is prorated.

Payment of the variable compensation depends on how LANXESS's stock performs relative to the Dow Jones STOXX 600 Chemicals<sup>SM</sup> index during a member's five-year term. The average price of LANXESS stock and the average level of the index during the 90 trading days prior to the Annual Stockholders' Meeting at which the Supervisory Board members were elected are each compared with the respective average for the 90 trading days prior to the Annual Stockholders' Meeting at the conclusion of which the members' terms end. The variable compensation is only payable if the stock has outperformed the benchmark index. The exact amount of the variable compensation depends on the extent to which the stock price outperformed the benchmark index in the preceding five years. If LANXESS stock has outperformed the Dow Jones STOXX 600 Chemicals<sup>SM</sup> by up to ten percentage points, the variable compensation amounts to €50 thousand for this five-year period; if it has outperformed the index by between 10 and 20 percentage points, €100 thousand is paid, and if the degree of outperformance is greater than this, the compensation is €150 thousand.

No variable compensation was paid out in fiscal 2016.

The expected compensation payable for the current terms of office of Supervisory Board members was valued at €600 thousand (2015: €1,200 thousand) as of December 31, 2016, and recognized as a provision.

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

The following table breaks down the compensation received by each member of the Supervisory Board for their work on the Supervisory Board in fiscal 2016.

**Compensation of the Supervisory Board**

€ <sup>1)</sup>	Year	Fixed compensation LANXESS AG	Compensation as committee member LANXESS AG	Attendance allowance	Fixed compensation LANXESS Deutschland GmbH	Total
Dr. Rolf Stomberg, Chairman	2016	240,000	-	18,000	5,000	263,000
	2015	240,000	-	21,000	5,000	266,000
Ralf Sikorski, Vice Chairman (appointed May 13, 2015)	2016	103,388	40,000	18,000	5,000	166,388
	2015	51,068	25,534	13,500	3,192	93,294
Gisela Seidel (resigned May 31, 2016)	2016	49,836	16,612	7,500	2,077	76,025
	2015	105,753	40,000	21,000	5,000	171,753
Ulrich Freese, former Vice Chairman (resigned May 13, 2015)	2016	-	-	-	-	-
	2015	43,726	14,575	7,500	1,822	67,623
Axel Berndt (resigned May 13, 2015)	2016	-	-	-	-	-
	2015	29,151	14,575	7,500	1,822	53,048
Werner Czaplík (appointed May 13, 2015)	2016	80,000	40,000	16,500	5,000	141,500
	2015	51,068	25,534	10,500	3,192	90,294
Dr. Hans-Dieter Gerriets	2016	80,000	40,000	16,500	5,000	141,500
	2015	80,000	40,000	18,000	5,000	143,000
Dr. Heike Hanagarth (appointed July 1, 2016)	2016	40,219	-	6,000	2,514	48,733
	2015	-	-	-	-	-
Dr. Friedrich Janssen	2016	80,000	80,000	16,500	5,000	181,500
	2015	80,000	94,575	21,000	5,000	200,575
Robert J. Koehler (resigned May 13, 2015)	2016	-	-	-	-	-
	2015	29,151	14,575	3,000	1,822	48,548
Rainer Laufs (resigned May 13, 2015)	2016	-	-	-	-	-
	2015	29,151	14,575	7,500	1,822	53,048
Thomas Meiers	2016	80,000	40,000	16,500	5,000	141,500
	2015	80,000	40,000	18,000	5,000	143,000
Claudia Nemat (resigned June 30, 2016)	2016	39,781	19,891	4,500	2,486	66,658
	2015	80,000	25,534	13,500	5,000	124,034
Lawrence A. Rosen (appointed May 13, 2015)	2016	80,000	40,000	13,500	5,000	138,500
	2015	51,068	25,534	6,000	3,192	85,794
Hans-Jürgen Schicker (resigned June 30, 2015)	2016	-	-	-	-	-
	2015	39,671	19,836	9,000	2,479	70,986
Manuela Strauch (appointed July 1, 2015)	2016	80,000	40,000	13,500	5,000	138,500
	2015	40,329	20,164	13,500	2,521	76,514
Ifraim Tairi (appointed July 1, 2016)	2016	46,776	15,847	9,000	2,924	74,547
	2015	-	-	-	-	-
Theo H. Walthie	2016	80,000	55,847	19,500	5,000	160,347
	2015	80,000	40,000	21,000	5,000	146,000
Dr. Matthias L. Wolfgruber (appointed May 13, 2015)	2016	80,000	40,000	15,000	5,000	140,000
	2015	51,068	25,534	9,000	3,192	88,794
<b>Total</b>	2016	1,160,000	468,197	190,500	60,001	1,878,698
	2015	1,161,204	480,545	220,500	60,056	1,922,305

1) Figures exclude value-added tax