

Corporate Governance Report

2021

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Group Corporate Governance Report 2021

The Austrian Code of Corporate Governance (ACCG) provides stock companies in Austria with a framework for corporate management and control. This framework includes internationally recognized standards for good corporate governance as well as the regulations of Austrian stock corporation law significant in this context.

The goal of the code is to ensure the responsible management and control of companies and corporate groups based on the sustainable and long-term creation of value. It is intended to create a high degree of transparency for all of the company's stakeholders.

Declaration of Commitment

Lenzing AG respects the ACCG and, for the first time in 2010, committed itself to compliance with the documented provisions. The Supervisory Board also unanimously resolved to fully adhere to the ACCG. The current version of the code (January 2021) is available on the Internet under <https://www.corporate-governance.at>. In accordance with L-Rule 60 of the ACCG, Lenzing AG is required to prepare and publish a Group Corporate Governance Report. The Group Corporate Governance Report of Lenzing AG also represents the Corporate Governance Report for the Lenzing Group.

Corporate Governance Report is published on the website of Lenzing AG in accordance with C-Rule 61 of the ACCG <https://www.lenzing.com/de/investoren/corporate-governance>.

The Corporate Bodies of Lenzing AG

The division of responsibilities among the members of Lenzing's Managing Board during the 2021 financial year was as follows:

Managing Board

Thomas Cord Prinzhorn (born 1972)

- Chairman of the Managing Board, Chief Executive Officer
- First appointed: November 4, 2021
- Current term of office ends: November 4, 2022

Responsibilities: Corporate Strategy, Corporate Human Resources, Corporate Communication, Corporate Legal Affairs, Investor Relations & Capital Markets, Digital Innovation, Corporate Office

Supervisory board functions at other companies:

Polo Handels AG (until December 14, 2021)

Management and monitoring functions at major subsidiaries:

none

Thomas Obendrauf (born 1970)

- Member of the Managing Board, Chief Financial Officer
- First appointed: March 1, 2016
- Current term of office ends: June 30, 2022

Responsibilities: Finance Fibers, Finance Pulp, Corporate Controlling, Information Technology, Corporate Accounting, Shared Services, Business Processes, Treasury, Corporate Audit & Risk

Supervisory board functions at other companies: none

Management and monitoring functions at major subsidiaries: none

Robert van de Kerkhof (born 1964)

- Member of the Managing Board, Fibers
- First appointed: May 1, 2014
- Current term of office ends: December 31, 2023

Responsibilities: Textiles BM, Nonwovens BM, BU Noble Fibers, Marketing & Branding, Sales Admin, Demand Planning, Product Stewardship, Technical Marketing & Distribution, Sustainability

Supervisory board functions at other companies: none

Management and monitoring functions at major subsidiaries: Lenzing Fibers Holding GmbH

Stephan Helmut Sielaff (born 1966)

- Member of the Managing Board, Fibers
- First appointed: March 1, 2020
- Current term of office ends: February 28, 2023

Responsibilities: Operations Lyocell Standard, Operations Lyocell Specification, Operations Viscose/Modal, Global QESH, Global Engineering, Fiber Purchasing, Fiber Supply Planner, HB4P/Lean Six Sigma, Lenzing Technik, Research & Development, Hygiene Austria, Project T3

Supervisory board functions at other companies: none

Management and monitoring functions at major subsidiaries: Lenzing (Nanjing) Fibers Co., Ltd.

Christian Skilich (born 1968)

- Member of the Managing Board, Pulp & Wood
- First appointed: June 1, 2020
- Current term of office ends: May 31, 2023

Responsibilities: Operations & Technology Pulp, Purchasing Wood, Commercial Affairs Pulp, Commercial Affairs Coproducts, Project Amadeus, Site LDC, Global Logistics, Site Lenzing

Supervisory board functions at other companies:

Labewood s.r.o. (since January 1, 2021), Stölzle Oberglas GmbH (since November 18, 2021)

Management and monitoring functions at major subsidiaries:

Biocel Paskov a.s.

Former Managing Board members

Stefan Doboczky (born 1967)

- Chairman of the Managing Board, Chief Executive Officer
- First appointed: June 1, 2015

Mr. Stefan Doboczky stepped down from the Managing Board with effect as of September 30, 2021.

Supervisory board functions at other companies as of September 30, 2021: OMV

At the Supervisory Board meeting of Lenzing AG on September 7, 2021, Mr. Thomas Cord Prinzhorn was appointed as Chief Executive Officer (CEO) pursuant to Section 90 Para. 2 of the Austrian Stock Corporation Act (AktG) as of November 4, 2021 until a new Chief Executive Officer (CEO) assumes office, albeit for no longer than twelve months.

The Managing Board directs the business operations of Lenzing AG in accordance with the applicable legal regulations, the articles of association and the internal rules of procedure for the Managing Board. The distribution of responsibilities among the individual members of the Managing Board is based on the organizational plan specified in the internal rules of procedure, which also regulates cooperation between the Managing Board members. Furthermore, the Managing Board is required to comply in full with the rules of the Austrian Code of Corporate Governance.

Supervisory Board

Composition

Peter Edelmann (born 1959)

- First appointed: April 12, 2018
- Since April 17, 2019: Chairman
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2023 financial year.

Supervisory board functions at other companies:

Orcan Energy AG

Veit Sorger (born 1942)

- First appointed: June 4, 2004
- Since March 29, 2011: Deputy Chairman
- Dr. Veit Sorger stepped down from the Supervisory Board with effect as of April 14, 2021.

Supervisory board functions at other companies:

Mondi AG, Binder+Co AG, GrECo International Holding AG

Patrick Prügger (born 1975)

- First appointed: March 29, 2011
- Since April 14, 2021: Deputy Chairman
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2021 financial year.

Supervisory board functions at other companies:

AMAG Austria Metall AG

Stefan Fida (born 1979)

- First appointed: April 17, 2019
- Since April 14, 2021: Deputy Chairman
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2024 financial year.

Supervisory board functions at other companies:

Semperit AG Holding

Helmut Bernkopf (born 1967)

- First appointed: April 23, 2009
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2022 financial year.

Supervisory board functions at other companies:

Oesterreichische Entwicklungsbank AG, OeKB CSD GmbH, Acredia Versicherung AG, OeKB EH Beteiligungs- und Management AG, Österreichische Hotel- und Tourismusbank GmbH

Christian Bruch (born 1970)

- First appointed: April 17, 2019
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2022 financial year.

Supervisory board functions at other companies: none

Markus Fürst (1976)

- First appointed: April 14, 2021
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2024 financial year.

Supervisory board functions at other companies: none

Franz Gasselsberger (born 1959)

- First appointed: April 24, 2013
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2022 financial year.

Supervisory board functions at other companies:

Bank für Tirol und Vorarlberg Aktiengesellschaft, BKS Bank AG, voestalpine AG

Thomas Cord Prinzhorn (born 1972)

- First appointed: April 14, 2021
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2024 financial year. With his appointment to the Managing Board, Mr. Thomas Cord Prinzhorn suspended his mandate as of November 4, 2021 pursuant to Section 90 Para. 2 AktG.

Supervisory board functions at other companies:

Polo Handels AG (until December 14, 2021)

Astrid Skala-Kuhmann (born 1953)

- First appointed: April 19, 2012
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2021 financial year.

Supervisory board functions at other companies: Semperit AG Holding, B&C Industrieholding GmbH

Melody Harris-Jensbach (born 1961)

- First appointed: June 18, 2020
- Current term of office ends as of the date of the Annual General Meeting that passes resolutions relating to the 2023 financial year.

Supervisory board functions at other companies:

Adler Modemärkte Aktiengesellschaft

Supervisory Board members delegated by the Works Council:

Helmut Kirchmair (born 1968)

- First appointed: 2015

Georg Liftinger (born 1961)

- First appointed: 2008

Daniela Födinger (born 1964)

- First appointed: 2014

Johann Schernberger (born 1964)

- First appointed: 2001

Herbert Brauneis (born 1987)

- First appointed: 2018

Independence (C-Rules 53 and 54 ACCG)

The Supervisory Board has adopted the guidelines for the independence of its members pursuant to Appendix 1 of the ACCG.

Accordingly, all members of the Supervisory Board have declared themselves to be independent of the company and its subsidiaries.

In accordance with C-Rule 54 of the ACCG, the Supervisory Board members Helmut Bernkopf, Christian Bruch, Franz Gasselsberger and Melody Harris-Jensbach declared that they were neither shareholders with an interest of more than 10 percent in the company nor did they represent the interests of such shareholders during the 2021 financial year.

Working procedures of the Supervisory Board

In order to fulfill its responsibility to monitor the work of the Managing Board, the Supervisory Board of Lenzing AG holds meetings at least once each quarter. Eight Supervisory Board meetings were held during the reporting year (C-Rule 36). The Supervisory Board was informed by the Managing Board about business performance as well as major transactions and measures. The Supervisory Board supervised the work of the Managing Board and provided advice regarding significant strategic decisions. Central topics of the meetings included business trends, the strategic development of the Group, ongoing and planned expansion projects, focus areas of research and development, personnel measures and organizational development, the Hygiene Austria case, as well as the discussion and approval of the budget for the 2022 financial year and medium-term planning for the 2023 to 2026 period.

The Supervisory Board of Lenzing AG appointed seven committees from among its members in the 2021 financial year (C-Rules 34 and 39 of the ACCG):

Audit Committee

The Audit Committee carries out the responsibilities defined by Section 92 Para. 4a of the Austrian Stock Corporation Act (AktG). Accordingly, it is responsible, in particular, for monitoring the accounting process and making recommendations or suggestions to ensure its reliability. This committee also oversees the effectiveness of the internal control system, internal audit and risk management. It supervises the audit of the annual separate and consolidated financial statements, examines and monitors the independence of the auditor and approves and controls non-audit services. The Audit Committee also examines the annual financial statements and prepares their approval by the full Supervisory Board, evaluates the Managing Board's proposal for the distribution of profits, the Management Report and the Group Corporate Governance Report. The Chairman of the Audit Committee defines the reciprocal communication between the auditor and the Audit Committee (C-Rule 81a of the ACCG). The committee is required to report to the Supervisory Board on its activities. The Audit Committee met four times in the 2021 financial year. The meetings focused on the reports and work of the auditor, compliance, sustainability reporting and the implementation of the internal audit schedule and the Risk Report.

Members: Patrick Prügger (Chairman, financial expert), Peter Edlmann, Franz Gasselsberger, Markus Fürst (since April 14, 2021), Johann Schernberger, Georg Liftinger

Nomination Committee

The Supervisory Board has established a Nomination Committee. It makes recommendations to the Supervisory Board for appointments to fill vacant positions on the Managing Board and deals with issues related to succession planning. Recommendations are also made to the Annual General Meeting for appointments to the Supervisory Board. In the 2021 financial year, the Nomination Committee held five meetings. These dealt particularly with issues of succession planning and the recruitment search for members of the Managing Board.

Members: Peter Edelmann (Chairman), Veit Sorger (until April 14, 2021), Astrid Skala-Kuhmann, Stefan Fida (since April 14, 2021), Markus Fürst (since April 14, 2021), Johann Schernberger, Georg Liftingner

Remuneration Committee

The Supervisory Board has established a Remuneration Committee. It deals with the terms and conditions of the employment contracts with the members of the Managing Board and ensures compliance with C-Rules 27, 27a and 28 of the ACCG. In addition, the Remuneration Committee is responsible for preparing and reviewing the remuneration policy for the Managing Board members and Supervisory Board members, and for controlling the implementation of the remuneration policy for Managing Board members. Twelve meetings of the Remuneration Committee were held in the 2021 financial year. These dealt particularly with the addition of ESG targets to the remuneration policy approved by the 2021 Annual General Meeting, the Managing Board evaluation and target agreements for 2021, and the conclusion, adjustment, and termination of employment contracts with members of the Managing Board.

Members: Peter Edelmann (Chairman), Veit Sorger (until April 14, 2021), Markus Fürst (since April 14, 2021), Stefan Fida (since April 14, 2021), Astrid Skala-Kuhmann (since April 14, 2021)

Strategy Committee

The Supervisory Board dissolved the Strategy Committee at the constituent Supervisory Board meeting on April 14, 2021, so that in the future the plenary body could handle the review of the company's strategic positioning and the monitoring of strategy implementation. No meeting was held in the 2021 financial year. The strategy issue was dealt with at two Supervisory Board meetings.

Members: Peter Edelmann (Chairman), Astrid Skala-Kuhmann, Patrick Prügger, Christian Bruch, Melody Harris-Jensbach, Johann Schernberger, Georg Liftingner, Helmut Kirchmair

Committee for Urgent Matters

The Supervisory Board has formed a committee to deal with urgent matters. It is authorized to make decisions in particularly urgent cases relating to transactions that require Supervisory Board approval. Two meetings were held in the 2021 financial year at which contracts requiring urgent approval were approved.

Members: Peter Edelmann (Chairman), Patrick Prügger (until April 14, 2021), Markus Fürst (since April 14, 2021), Johann Schernberger

Committee for Large CapEx Projects

The Supervisory Board has established a Committee for Large CapEx Projects. This committee deals with the ongoing support, consulting and controlling of the two large projects for the construction of a Iyocell fiber plant in Thailand and the construction of a dissolving wood pulp plant in Brazil. The committee met five times in the 2021 financial year.

Members: Peter Edelmann (Chairman), Christian Bruch, Johann Schernberger

Hygiene Austria Committee

At the meeting on March 10, 2021, the Supervisory Board of Lenzing AG set up the Hygiene Austria Committee in order to accompany the special audit relating to the Hygiene Austria case which had been initiated by the Managing and Supervisory boards, and to supervise the processing of the case as well as all Managing Board measures in connection with the Hygiene Austria case. This committee convened for ten meetings in the 2021 financial year.

Members: Peter Edelmann (Chairman), Patrick Prügger, Stefan Fida, Markus Fürst (since April 14, 2021), Johann Schernberger, Georg Liftingner

Cooperation between the Managing and Supervisory boards

The Managing Board reports to the Supervisory Board on fundamental issues relating to future business policies and the outlook for the financial position and financial performance of Lenzing AG and the Group companies. In addition, the Managing Board provides the Supervisory Board with regular information on the business trends and position of the company and the Group in comparison to forecasts, taking future trends into account. In a separate strategy meeting, the Managing and Supervisory boards also discuss the Lenzing Group's long-term growth objectives.

Self-evaluation by the Supervisory Board

In the 2021 financial year, the Supervisory Board conducted a self-evaluation again as required by C-Rule 36 of the ACCG in the form of a questionnaire, which focused on the control function of the Supervisory Board over the Managing Board and compliance with the obligations of the Managing Board to provide information to the Supervisory Board. The result of the self-evaluation shows that the activities of the Supervisory Board of Lenzing AG are again rated as good overall. The Supervisory Board has acted on individual suggestions from the self-evaluation process. Measures designed to ensure efficiency improvements in the activities of the Supervisory Board have been derived from the results of the self-evaluation.

Advancement of women in the Managing Board, Supervisory Board and key management positions (L-Rule 60 ACCG)

Lenzing AG pursues a stringent equal opportunity policy in all functions and at all hierarchy levels, and actively promotes the career development of women in managerial positions in all business areas. In this context, the focus on the transparency of corporate social responsibility and diversity was enhanced as part

of a CSR initiative in 2021. Three overarching social sustainability goals applicable to the entire Lenzing Group (implementation of the “Facility Social Labor Module”, respect for human rights and continuous support through social programs in neighboring communities) were defined and approved to this end. Lenzing initiated various focus group workshops in 2021 in order to better understand current gender equality challenges. A total of fifteen women and ten men were invited to participate in these workshops. The results from the workshops are currently being analyzed and findings from them are to be implemented from 2022 onwards.

Astrid Skala-Kuhmann, Melody Harris-Jensbach and Daniela Födinger are members of the Supervisory Board. The functions of Vice President Operations & Technology Pulp as well as Global Commercial Director Biorefinery & Co-Products, as members of the top management team of the Pulp and Wood Division, are held by women who report directly to the member of the Managing Board responsible for Pulp & Wood. One of the seven production sites – Lenzing Biocel Paskov – has been managed by a woman since 2019. More than half of the top management team in the Global Human Resources Department consists of women.

“Modern working conditions” are defined as a focus in the strategic HR orientation. This includes, among other elements, the reconciliation of work and family life as a central topic. Accordingly, in addition to existing flexible working time models, home office and parental leave for both parents, a bilingual (English-German) day-care center “Fasernest” was established near the Lenzing plant.

Diversity concept

Respect, diversity and inclusion form integral and indispensable elements of the corporate culture of Lenzing AG and are reflected in appointments to all functions. Recommendations to the Annual General Meeting for elections to the Supervisory Board and the appointment of members to the Managing Board are designed to achieve a technical and diversity-related balance as this makes an important contribution to the professionalism and effectiveness of the work performed by the Supervisory and Managing boards. In addition to technical and personal qualifications, aspects such as age structure, origin, gender, education and experience are also key criteria.

External evaluation

In accordance with C-Rule 62 of the ACCG, Lenzing must arrange for an external institution to evaluate its compliance with the C-Rules of the code on a regular basis, albeit at least every three years. Lenzing commissioned PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH to evaluate its Group Corporate Governance Report for 2021. This evaluation concluded that the statement of compliance with the Austrian Code of Corporate Governance issued by Lenzing AG gives a true and fair view of the actual situation. All external evaluation reports are published on the company’s website at <https://www.lenzing.com>.

Risk management and Corporate Audit

The effectiveness of Lenzing’s risk management system in the reporting year was evaluated by the auditor, KPMG Austria GmbH, in accordance with C-Rule 83 of the ACCG and resulted in an unqualified opinion. The Managing Board was informed of the audit results. In addition, the Head of Risk Management reports regularly on current risks at the Audit Committee meetings.

The Corporate Audit Department reports directly to the Managing Board. The annual audit schedule is finalized in close cooperation with the Managing Board and the Audit Committee. The Head of Corporate Audit also makes regular reports to the Audit Committee on key audit findings.

Directors’ Dealings

The purchase and sale of shares by members of the Managing and Supervisory boards are disclosed in accordance with the applicable legal regulations (Art. 19 Regulation (EU) No. 596/2014). (Information on these purchases and sales is provided on the company’s website.)

Compliance

Lenzing has a compliance management system that applies throughout the Group. The compliance function aims to advise and support all Lenzing employees, executives and managers through preventative risk-oriented measures as well as uniform detection and response processes, thereby ultimately protecting them from the negative consequences of violations of laws and values. The Head of Corporate Legal Affairs reports to the Audit Committee once a year on compliance issues.

The Managing Board

Cord Prinzhorn
Chief Executive Officer

Thomas Obendrauf
Chief Financial Officer

Robert van de Kerkhof
Member of the Managing Board

Stephan Sielaff
Member of the Managing Board

Christian Skilich
Member of the Managing Board