

focus paper

**United Nations
Sustainable Development Goals (SDGs)
Issue April 2024**

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The sustainability strategy of the Lenzing Group: "Naturally Positive"

"Naturally Positive", the Lenzing Group's sustainability strategy, was developed from the results of the materiality analysis and is firmly rooted in the Lenzing Group's strategy "Better Growth". With the dimensions and areas, "Driving systematic change" (People) – "Greening the value chain" (Planet) – "Advancing circular economy" (Profit), the sustainability strategy defines those sustainability areas where Lenzing can do most to create a more sustainable world. It is the basis for Lenzing's approach to contributing to the United Nations' Sustainable Development Goals (SDGs).¹



Figure 1: Strategic focus areas of sustainability and the corresponding SDGs

United Nations Sustainable Development Goals (SDGs)

The SDGs are a collection of 17 goals adopted by all Member States of the United Nations in 2015 to address global economic, social and environmental challenges and achieve a more sustainable future by 2030.

Progress is being made in many areas but with just 10 years or less left to go, the UN is calling for a “Decade of Action” to accelerate sustainable solutions and to address the world’s biggest challenges.

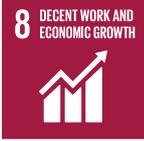
What is sustainable development?

Sustainable development is how we must live today if we want a better tomorrow, by meeting present needs without compromising the chances of future generations to meet their needs. The survival of our societies and our shared planet depends on a more sustainable world.

The company recognizes its responsibility and sees its pioneering role in the textile and nonwovens industries as an opportunity to contribute to the achievement of sustainable development goals. Lenzing has identified its connection to the following SDGs:

SDG	Goal	Lenzing's action
	<p>End poverty in all its forms everywhere.</p>	<p>Lenzing contributes to end poverty by strengthen the economy in the regions where it operates with its sites or projects.</p> <p>Lenzing's socio-economic impact is confirmed yet again by a study conducted by the Gesellschaft für Angewandte Wirtschaftsforschung KG (Innsbruck, Austria) for the year 2023. The study will be available from the beginning of April in the "Community engagement" focus paper.</p> <p>A social impact project, the "Conservation project Albania" target, contributes to SDG 1. It focuses on implementing a conservation solution of 20 hectares in Albania through reforestation of these 20 hectares of degraded land. Additionally, the project aims to establish a training center for local communities and support interdisciplinary vocational trainings and school partnerships by 2024.</p> <p>For more information on the progress, please see the "Biodiversity and ecosystems" chapter of the latest sustainability report.</p>
	<p>Ensure healthy lives and promote well-being for all at all ages.</p>	<p>By promoting product safety and health, reducing environmental impact, ensuring occupational health and safety and by supporting community health initiatives, Lenzing continuously tries to ensure the wellbeing of people. Dedicated to maintaining technological and safety standards, Lenzing prioritizes the safety and quality at its production sites to protect its employees and communities affected. Lenzing has the following connected sustainability targets:</p> <p>With the "Equity, Diversity and Inclusion" target Lenzing tries to create an empowering work environment by respecting human rights, employee wellbeing and diversity. Training courses will be implemented for 75 percent of its own workforce on diversity and discrimination, the non-discrimination policy (established as "Equity, Diversity and Inclusion Policy" in 2023) and human rights by 2025.</p> <p>For more information on the progress, please see the "Own workforce" chapter of the latest sustainability report.</p>
	<p>Achieve gender equality and empower all women and girls</p>	<p>Gender diversity in leadership, equal pay and benefits, work-life balance initiatives, and educational and training opportunities for women are part of Lenzing's core beliefs regarding gender equality and empowering women.</p> <p>As the "Equity, Diversity and Inclusion" target has been set to create an empowering work environment by respecting human rights, employee wellbeing and diversity, Lenzing aims to increase its proportion of women to 22.5 percent in all positions graded 5a and above by 2025.</p> <p>For more information on the progress, please see the "Own workforce" chapter of the latest sustainability report.</p>

	<p>Ensure availability and sustainable management of water and sanitation for all.</p>	<p>As the production of dissolving wood pulp and fiber entails water consumption and emissions to water, water stewardship is one of the focus areas of Lenzing’s sustainability strategy. Lenzing gives consideration to water-related issues, such as responsible water management.</p> <p>The “Waste water” target aims to improve Lenzing Group’s specific wastewater emissions (chemical oxygen demand (COD)) by 20 percent compared to the base year 2014 by 2024, Lenzing has implemented a wastewater treatment plant upgrade at Purwakarta (Indonesia) by 2023, and will implement a new one at Grimsby (UK) by 2024.</p> <p>Lenzing has set the “ZDHC viscose” target. Lenzings aims to achieve “aspirational” MMCF level for ZDHC wastewater and air emission guidelines at its viscose facilities until 2024. Due to supply chain disruptions stemming from global issues and technical challenges, this target was postponed to 2026.</p> <p>With its “ZDHC lyocell” target Lenzing aims to achieve “aspirational” MMCF level for ZDHC wastewater and responsible production guidelines at Lenzing lyocell facilities by 2028. In the reporting year, a first ZDHC Gateway reporting on MMCF waste water guideline v2 happened at all lyocell sites.</p> <p>For more information, please see the “Pollution” or the “Water and marine resources” chapter of the latest sustainability report.</p>
	<p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<p>Pulp and fiber production are energy-intensive processes. Lenzing contributes to SDG 7 by improving energy efficiency, using energy conversion technologies for heat and electricity, employing renewable fuels, switching from coal to natural gas and implementing its biorefinery concept.</p> <p>Dissolving wood pulp production in Lenzing’s biorefineries at the Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil) sites is not only self-sufficient in terms of covering its own energy needs, as it actually produces surplus energy. This surplus energy (steam and electricity) is used onsite for purposes such as fiber production or exports to the local grid. Lenzing relies on renewable energy for new investments within the framework of the science-based target. Lenzing has also set targets, such as “Near-term science-based target” and “Long-term science-based net-zero target”, regarding its management and progress of sustainable and modern energy.</p> <p>For more information, please see the “Sustainability targets, measures and progress” section in the “General information” chapter of the latest sustainability report or the “Responsible production” focus paper.</p>

	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>The Lenzing Group is committed to provide decent work to its employees and promotes its practices also in its value chain.</p> <p>The "Social standard" target aims to have a continuously valid third-party audited accredited social certificate for every Lenzing Group production site by implementing and annually updating the Facility Social Labor Module (FSLM) at all pulp and fiber production facilities and shares verified modules with customers from 2024 onwards.</p> <p>For more information, please see the "Own workforce" or the "Workers in the value chain" chapter in the latest sustainability report or refer to table in the "Community engagement" focus paper on Lenzing's socioeconomic effects.</p>
	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>	<p>Innovation and sustainability are at the heart of Lenzing's "Better Growth" strategy. Every innovation, whether it relates to processes, products, or applications, is evaluated from the very beginning in terms of sustainability. At Lenzing, innovation is driven by sustainable thinking and giving due regard to the life-cycle perspective and the net-benefit principle. These sustainable innovations include the continuous improvement of Lenzing's existing technologies and processes as well as driving systemic change through forward-looking solutions and business models on a large scale.</p> <p>Limited resources are driving solutions to create a circular economy. Lenzing is continuously innovating to contribute to a resilient and circular industry.</p> <p>With the "Textile recycling" target, Lenzing aims to offer viscose, modal and lyocell staple fibers with up to 50 percent post-consumer recycled content on a commercial scale by 2025.</p> <p>The "Circular Business Model" target focuses on innovating a new circular business model by closing the loops for post-consumer materials and partnering with 25 key supply chain companies by 2025.</p> <p>For more information on the progress, please see Lenzing's circular economy practices in the latest sustainability report in the "Resource use and circular economy" and "Sustainable innovations" chapter.</p>

	<p>Reduce inequality within and among countries</p>	<p>In the Lenzing Group’s Policy on Human Rights and Labor Standards Lenzing undertakes to respect and support fundamental labor rights principles such as protection from discrimination, harassment, and inhumane treatment. This encompasses protection against employment decisions based on personal characteristics or beliefs that are not related to the ability to do one’s job, including gender, age, race, color, national origin, ethnicity, social background, sexual orientation, family responsibility (including pregnancy), disabilities, political opinion, sensitive medical conditions, marital status, and any other discrimination in working conditions.</p> <p>With the “Equity, Diversity and Inclusion” target Lenzing tries to create an empowering work environment by respecting human rights, employee wellbeing and diversity. Training courses will be implemented for 75 percent of its own workforce on diversity and discrimination, the non-discrimination policy (established as “Equity, Diversity and Inclusion Policy” in 2023) and human rights by 2025. Lenzing aims to increase its proportion of women to 22.5 percent in all positions graded 5a and above by 2025.</p> <p>For more information on the progress in the reporting year, please see the “Own workforce” chapter in the latest sustainability report.</p>
	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Lenzing has been operating on the Indonesian island of Java for more than three decades via its subsidiary PT. South Pacific Viscose in Purwakarta. In all these years, Lenzing has not only established itself as an important employer, but has also gained societal acceptance by supporting a wide range of local social activities.</p> <p>To empower people, Lenzing has set the “Community engagement” target to continuously support the development of local communities near Lenzing production sites and support social welfare programs to 2025 and beyond.</p> <p>For more information on the progress, please see the “Community engagement” focus paper.</p>
	<p>Ensure sustainable consumption and production patterns.</p>	<p>In the spirit of a circular economy, Lenzing aims to achieve sustainable production methods through sustainable sourcing, the efficient use of wood as a raw material and efficient and sustainable production, e.g. through the implementation of its biorefinery concept at the Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil) sites.</p> <p>Upcycling techniques are included in the production process. Life cycle-based thinking and partnerships with stakeholders along the value chain contribute to a more sustainable consumption approach.</p> <p>This is especially shown in a large number of Lenzing’s targets, such as “Social standard”, “FEM”, “Supplier engagement”, “Waste water”, “ZDHC Iyocell”, “ZDHC viscose”, “Circular Business Model”, “Textile recycling” and “Air emissions”.</p> <p>For more information, please see the “Sustainability targets, measures and progress” section in the “General information” or the “Resource use and circular economy” chapter of the latest sustainability report.</p>

	<p>Take urgent action to combat climate change and its impacts.</p>	<p>Lenzing first set science-based targets (SBTs) in 2019. In 2023, the Science Based Targets initiative (SBTi) has scientifically validated Lenzing's climate targets.</p> <ul style="list-style-type: none"> ● Lenzing's "Near-term science-based target": To reduce Scope 1 and 2 absolute greenhouse gas (GHG) emissions by 42 percent and Scope 3 absolute GHG emissions by 25 percent until 2030 (baseline 2021) ● Lenzing's "Long-term science-based net-zero target": To achieve at least a 90 percent reduction in absolute GHG emissions (scope1, 2 and 3) (baseline 2021) <p>With this Lenzing supports the bigger goal of achieving a net-zero future by 2050 in line with the Paris Agreement. For instance, Lenzing engages 20 key suppliers, by spend and CO₂ impact, in order to reduce its scope 3 emissions and incentivize the suppliers that help Lenzing being able to offer more low carbon footprint fibers.</p> <p>For more information about the SBTi and actions taken, please see the "Climate change" chapter in the latest sustainability report.</p>
	<p>Conserve and sustainably use the world's oceans, seas and marine resources for sustainable development.</p>	<p><u>In a study published in October 2021</u>, scientists from the academic research institute Scripps Institution of Oceanography (SIO) at the University of California, San Diego confirmed that generic LENZING™ wood-based cellulosic fibers biodegrade in the ocean within a short period of time at the end of their life cycle, making them a better alternative to fossil-based fibers. The research was the result of an independent project aimed at attempting to understand the end of life scenarios for textiles and nonwovens discarded in the environment.</p> <p>In 2023, the company received <u>reconfirmation from Scripps Institution of Oceanography at the University of California, San Diego</u> that LENZING™ generic fibers (LENZING™ Viscose Standard, LENZING™ Lyocell Standard and LENZING™ Modal Standard) are biodegradable in marine environments.</p> <p>For more information, please see the "Resource use and circular economy" chapter of the latest sustainability report.</p>

	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>	<p>Lenzing contributes towards SDG 15 with its longstanding practice of responsible sourcing, in particular with regard to its main raw material, wood. Lenzing strictly complies with its <u>Wood and Pulp Policy</u> and sources only from sustainably managed forests and plantations.</p> <p>If it is discovered that a supplier has sourced wood or pulp from controversial sources or has violated human or labor rights, the company will first engage with this particular suppliers to encourage consistent practices with Lenzing’s <u>Wood and Pulp Policy</u>. If the response is unsatisfactory, Lenzing will no longer engage with the supplier if the violations are not addressed in a timely manner.</p> <p>At the moment, Lenzing is developing its biodiversity strategy and moreover supports biodiversity projects aiming to broaden its biodiversity efforts:</p> <p>The “Conservation project Albania” target focuses on implementing a conservation solution of 20 hectares in Albania through reforestation of these 20 hectares of degraded land. Additionally, the project aims to establish a training center for local communities and support interdisciplinary vocational trainings and school partnerships by 2024.</p> <p>The “Conservation area Brazil” target aims to implement conservation solutions on 15,000 hectares at the new pulp mill in Indianópolis (Brazil) until 2030 by increasing the protected area at this site by 2,000 hectares.</p> <p>The “Conservation projects” target combines Lenzing’s commitment and drive to engage in further conservation, biodiversity protection and restoration activities in regions where forests are at risk or should be improved by 2025.</p> <p>For biodiversity concepts and practices used within Lenzing and progress, please see the “<u>Biodiversity and ecosystems</u>” focus paper or the “<u>Biodiversity and ecosystems</u>” chapter of the latest sustainability report.</p>
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions</p>	<p>Lenzing is committed to ethical business practices, community engagement and human rights advocacy. Compliance at the Lenzing Group not only stands for compliance with legal regulations and regulatory standards. Compliance for Lenzing is a question of attitude that also reflects a culture of tolerance and integrity when dealing with one another. The subject of compliance is therefore firmly anchored within the entire Group, via the active responsibility of all employees and executives, as well as a shared culture of values.</p> <p>The “Social standard” target aims to have a continuously valid third-party audited accredited social certificate for every Lenzing Group production site until 2024 by implementing and annually updating the Facility Social Labor Module (FSLM) at all pulp and fiber production facilities and shares verified modules with customers from 2024 onwards.</p> <p>For more information about compliance, please see the “<u>Business conduct</u>” or the “<u>Own workforce</u>” chapter of the latest sustainability report.</p>



Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Complex global challenges call for a collaborative approach. Lenzing therefore regularly engages with a wide range of stakeholders and business partners along the value chain in order to help raise the bar as regards sustainability in the textile and nonwovens industries.

This is especially shown in a number of Lenzing's targets, such as "FEM", "Supplier engagement", "Circular Business Model" and "Textile recycling".

For instance, with the "FEM" target Lenzing aims to implement and annually update the Facility Environmental Module (FEM) in all pulp and fiber production facilities and share verified modules with customers from 2024 by conducting self-assessments and trainings for new legal entities and getting a first verification by 2024.

For specific information and progress, please see the "Sustainability targets, measures and progress" section in the "General information" chapter of the latest sustainability report or the "Stakeholder engagement" focus paper.

Annex

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Figure 1: Strategic focus areas of sustainability and the corresponding SDGs 3

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