

focus paper

Stakeholder engagement Issue April 2023

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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 Better Growth strategy. Within the dimensions People – Planet – Profit, this strategy defines those sustainability areas where Lenzing can do the most to create a more sustainable world. This is the essence of Lenzing's Naturally positive thinking. A successful implementation of this thinking focus areas to reinforce the sphere of influence. One of these focus areas is "Partnering for change".

The sustainability strategy "Naturally positive" is the basis for Lenzing's approach to contributing to the United Nations' Sustainable Development Goals (SDGs).



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

Partnering for change

The world is more interconnected today than ever before. Improving access to technology and knowledge is an important way to share ideas and foster innovation. The complex global sustainability challenges Lenzing is facing, such as the COVID-19 pandemic, climate change, widespread biodiversity loss, plastic pollution, etc., call for a collaborative approach to designing systemic solutions.

Transparency is a prerequisite for fostering trust and long-term relationships. Guided by the United Nations Sustainable Development Goal SDG 17: Partnerships for the Goals, the Lenzing Group regularly engages with a wide range of stakeholders in order to integrate different perspectives, understand global trends, and mitigate risks. Lenzing strives to identify and develop cross-industry business cases to drive progress in instituting circularity at Lenzing and throughout the industry. By contributing to the development of methods, tools and products, Lenzing helps the industry to progress on its path towards a more sustainable future. For example, with the introduction of carbon-zero TENCEL™ fibers, Lenzing contributes to reducing the carbon footprint of customers' supply chains.

Engaging in a dialog means respecting stakeholders, contributing Lenzing's expertise and knowledge, and taking the opportunity to learn from partners' perspectives. Each dialog starts with providing transparent information, supporting stakeholders to form an educated opinion and assess risks, and avoiding misunderstandings by building trust. Furthermore, stakeholder relationships built on trust and openness help solve existing tensions and avoid potential conflicts.

The ongoing stakeholder dialog in the Lenzing Group typically includes workshops and webinars with customers, one-on-one discussions, training sessions, interviews, surveys, education, joint product development, web platforms, roadshows, regular media relations, trade shows and conferences, press interviews, risk assessments, and audits. All these activities are conducted either online or personally.

Various business functions are involved in reaching out to individual stakeholders. In addition to the Lenzing Sustainability team, the Managing Board, managers of the different business functions, and key account managers are all important players who drive the company's proactive approach towards ongoing stakeholder dialog.

Lenzing's key stakeholders

The key stakeholders for the Lenzing Group are the people and entities who are potentially affected by its operations, business conduct, and strategic targets. Lenzing regards them as strategic partners who have a significant interest in and impact on areas that matter the most to Lenzing.

This figure below shows an overview of the most important stakeholder groups.



Figure 2: Lenzing's stakeholder groups

Lenzing's most important stakeholder dialogs

The following information shows the way Lenzing usually engages with its stakeholders.

Employees

One very special stakeholder group is Lenzing staff. Transparency, collaboration, and sharing of information make them key testimonials for credible Lenzing Group sustainability performance. For activities, achievements and measures in 2022, please find more information in the "Health and safety" chapter in the Sustainability Report.

Stakeholder interest	Lenzing engagement through	Activities
Fair employment conditions, respect and collaboration, safe & healthy working environment, transparent information, job security, long-term & sustainable thinking	Works councils/trade unions	Regular information on work conditions, remuneration, etc.
	Internal communication	Regular town hall meetings, corporate media (newsletters, TV cooperation, screens, online magazines, intranet etc.), workshops, presentations to sites and functions, internal sustainability training, site visits. From 2021 onwards, the frequency of virtual townhall meetings increased.

Media

Transparent and open communication is an essential prerequisite for a successful, globally operating, publicly listed company like the Lenzing Group. Increasing digitalization enhances the significance of media as stakeholders for the company.

Stakeholder interest	Lenzing engagement through	Activities
Understanding and ongoing public information regarding the development of Lenzing	Corporate Communication, Marketing Communication, Brand Management, Business Management	Press relations with national and international general and trade media, press conferences, product launches, interviews, social media communication

Local communities/neighbors

Both locally and internationally, the Lenzing Group takes its social responsibility as a corporate citizen seriously. Therefore, the company maintains continuous and consistent communication to inform communities and listen to their concerns and ideas, with the goal of creating healthy community relationships.

Stakeholder interest	Lenzing engagement through	Activities
Safety, job creation, prosperity, clean environment in terms of water, air, noise; ethical standards, compliance, paying fair taxes	Management at production sites, Corporate Communication, Community department of PT. South Pacific Viscose	Ongoing contacts with community representatives, group-wide grievances procedure, enhancing development and wellbeing through safe and eco-friendly operations, fair employment practices and contributions to local economic development and community life through beneficial activities in the field of donations, sponsorships, health and medical care, educational programs, environmental projects

Direct customers & value chain partners

Customer intimacy and responsiveness to customer needs are part of the Better Growth strategy. Relationships are geared to the long term and often extend over many decades.

Stakeholder interest	Lenzing engagement through	Activities
Innovative, sustainable and differentiating products, long term and trustful partnerships, open and transparent collaboration, reliability	Sales, Business Development, Corporate Sustainability, Technical Customer Service	Ongoing regular exchange on a wide range of sustainability topics, customer events, webinars, panel discussions and workshops about quality, product development, innovation, supply chain management, site visits, trend forecasts, color cards, fabric and product development, exhibitions, specialist conferences newsletters, blogs

Retailers & brands

Retailers and brands are customers for Lenzing, which is located at the upstream end of the value chain. They represent important stakeholders for the company, as they are the key link to the end consumer.

Stakeholder interest	Lenzing engagement through	Activities
Innovative, sustainable and differentiating products, long term and trustful partnerships, open and transparent collaboration, reliability	Business Development, Key account managers, Corporate Sustainability, Brand Management	Ongoing regular exchange on a wide range of sustainability topics, customer events and workshops, conferences, exhibitions, virtual site tour at Lenzing site, Austria

Suppliers

The responsible purchasing of primary and raw materials for fiber and pulp production plays a crucial role for the Lenzing Group. Against the backdrop of the global issue of deforestation and land degradation, particular importance is attached to responsible wood and pulp sourcing. Good and transparent business relationships with suppliers are key to promoting and improving a sustainable supply chain.

Stakeholder interest	Lenzing engagement through	Activities
Long-term and trustful partnerships, open and transparent collaboration, fair pricing, reliability	Purchasing department, Global Pulp & Wood, EcoVadis assessment	Audits and supplier assessments, site and forest visits, specialist conferences

Multi-stakeholder organizations/initiatives

Stakeholder interest: Leadership and participation to change for the better develop and shape new tools and standards, collaboration, drive sustainable business practices and take responsibility.

Stakeholder	Membership	Description	Activities
<u>Renewable Carbon Initiative (RCI)</u>	Founding partner/Board member	11 leading companies from six countries founded the Renewable Carbon Initiative in September 2020 under the leadership of nova-Institute (Germany). Until the end of 2022, the number of members increased to more than 50.	Together with the other members, Lenzing focuses on supporting and speeding up the transition from fossil carbon to renewable carbon for all organic chemicals and materials. Besides being a board member Lenzing is also active in several working groups. For more information, please see the "Stakeholder engagement" chapter in the Sustainability Report 2022.
<u>Sustainable Apparel Coalition (SAC)</u>	Founding Member / Board of Directors	SAC is the apparel, footwear and home textile industry's foremost alliance for advancing sustainability. Their mission is to transform business for exponential impact through groundbreaking tools, collaborative partnerships, and trusted leadership for industry sustainability.	<ul style="list-style-type: none"> ● Lenzing contributes to the development and testing of the Material Sustainability Index (MSI) relaunch and the first part of the product module. ● Lenzing submits all fiber data to the Higg Index for inclusion of products sustainability impact data to a key tool used by the global textile industry. ● In November 2022, Lenzing's VP of Corporate Sustainability was elected to serve on the Board of Directors, which is the SAC's principal governing body, responsible for setting the strategic direction of the SAC as well as fiduciary oversight, guidance and oversight of the CEO. ● Lenzing has been selected to serve on the SAC Transparency Strategic Council. Its participation is to collaborate with other industry leaders to provide advice, input, and counsel on the strategic direction and implementation of the SAC strategic plan about the Transparency goals and objectives.
<u>Textile Exchange</u>	Member/ Advisory Board in 2022	Textile Exchange is a global non-profit organization that works closely with the global textile supply chain, brands, and retailers to drive industry transformation in preferred fibers, integrity, standards and responsible supply networks.	<ul style="list-style-type: none"> ● In fall 2021, Lenzing's VP Global Textiles Business was elected to serve on the Board of Directors, which is the Textile Exchange's principal governing body, responsible for setting the strategic direction of the Textile Exchange as well as fiduciary oversight, guidance and oversight of the CEO. ● Input to the annual Preferred Fiber and Materials Report and Fiber Benchmark Report

			<ul style="list-style-type: none"> ● Pilot participant in the Corporate Fiber and Materials Benchmark for Suppliers ● Completion and <u>public posting</u> of the MMCF Producer Transparency Questionnaire ● Biodiversity Benchmark: Advisory Group member and input to the new questionnaire. ● Sponsorship and agenda support for the Annual Textile Sustainability Conference including exhibiting and participation in the MMC Fiber Round Table. ● Collaborating, contributing to and speaking at seminars for industry engagement including: <ul style="list-style-type: none"> ● Texworld New York (January and July) ● Total Home MarketTextile Exchange Webinars – on the TextileGenesis® Blockchain Collaboration
<u>Textiles 2030 (an initiative of Waste & Resources Action Programme (WRAP))</u>	Signatory member	Textiles 2030 is WRAP's new expert-led initiative in the UK designed to limit the impact clothes and home textiles have on climate change. It represents a voluntary agreement that is funded by its signatories and the government. Signatories will collaborate on carbon, water and circular textile targets, as well as contribute to national policy discussions.	In August 2021, Lenzing joined as one of the pioneering signatories the voluntary agreement Textiles 2030. Lenzing, which manufactures in Grimsby in the UK, is honored to take part in this initiative for proactively fostering circularity and systemic change in the textiles industry. For more information, please see the "Stakeholder engagement" chapter in the Sustainability Report 2022.
<u>United Nations (UN)</u>	Member in several UN initiatives	Founded in 1945, the United Nations has evolved over the years to keep pace within a fast changing world. It currently holds 193 member states working together guided by the goals and principles contained in the UN founding charter. In 2015, all Member States of the United Nations adopted the Sustainable Development Goals (SDGs), a collection of 17 goals to address global economic, social and environmental challenges and achieve a more sustainable future by 2030.	<ul style="list-style-type: none"> ● UN Fashion Charter (see below) ● United Nations Framework Convention on Climate Change (UNFCCC) ● Fashion Impact Found ● Conscious Fashion Campaign ● United Nations Global Compact (see below)
<u>United Nations Global Compact (UNGC)</u>	Member	The United Nations Global Compact is a non-binding United Nations pact to encourage businesses and firms worldwide to adopt sustainable and	Lenzing is among the 15,000 companies worldwide that have joined the United Nations Global Compact. The UNGC is the world's largest and most important initiative for responsible corporate

		socially responsible policies, and to report on their implementation	governance. As a member, Lenzing is committed to upholding human rights, respecting the rights of employees and their representatives, protecting the environment, enabling fair competition and combating corruption. The principles of the UN Global Compact are incorporated into Lenzing's strategy and corporate culture.
<u>UN Fashion Charter</u>	Founding member of the UN Fashion Dialogue (2018)	The Fashion Industry Charter for Climate Action under the auspices of UN Climate Change was presented in 2018 at the COP 24 in Katowice, Poland. It is a broad stakeholder movement in the textiles, clothing and fashion industry towards a holistic commitment to climate action. Signatories commit to climate targets and finally to fully decarbonize the fashion industry value chain in alignment with the Science Based Targets Initiative.	Lenzing continued its active contribution to the working group on raw materials, sharing its longstanding experience with the production of sustainable wood-based fibers and assessment of environmental impacts through life-cycle analyses (LCA). In 2021 and 2022, Lenzing contributed to the report on "Man made cellulose fibers", to be published in Q1/2023. For more information, please see the "Stakeholder engagement" chapter in the Sustainability Report 2022.
<u>Accelerating Circularity</u>	Founding Member	<p>Accelerating Circularity is a nonprofit that creates new supply chains and business models to turn textile waste into mainstream raw materials.</p> <p>In 2022 Lenzing has been participating on the Accelerating Circularity Project (ACP), which brings together the entire value chain to scope practical trials at commercial scale for production of circular textiles.</p>	<ul style="list-style-type: none"> ● Trials are designed by ACP in collaboration with participating trial members who are representative of all areas of the circular value chain; Collectors, Sorters, Preprocessors, Recyclers, Fiber Producers, Yarn Spinners, Fabric Mills, and Brands. ● Trials include Trial 12: T-shirt with 60% Cotton/40% REFIBRA™; and Trial 9: Soft Denim Jean with 50% REFIBRA™. ● Participants engage with a shared goal to pressure test the entire system from Collection through to Brand procurement for technical, logistical, and marketplace acceptance. For more information, please see the "Stakeholder engagement" chapter in the Sustainability Report 2022.
<u>Zero Discharge of Hazardous Chemicals (ZDHC)</u>	Contributor to ZDHC's Man-Made Cellulosic Fibers (MMCF) Task Team on wastewater, sludge/solid waste, and air emissions	ZDHC works towards reducing the industry's chemical footprint and collaborates with global brands, chemical suppliers, manufacturers and other organizations.	In 2021, Lenzing has started the ZDHC Gateway reporting according to the MMCF wastewater guideline in its viscose operations in Purwakarta (Indonesia), Nanjing (China), and Lenzing (Austria). In 2022, ZDHC's MMCF Task Team has completed the revision of the MMCF guideline, which extends its scope to include among others lyocell fiber. Meanwhile, Lenzing has contributed to the trials of the current under-developing

			MMCF Supplier Platform, where responsible production and air emission guidelines shall be reported. In 2023, Lenzing will start the Gateway and Supplier Platform reporting at all fiber production sites. For more information, please see the “Stakeholder engagement” chapter in the Sustainability Report 2022.
<u>Textile ETP</u>	Member	The European Technology Platform for the Future of Textiles and Clothing (Textile ETP) is the largest European open expert network of professionals involved in textile and clothing-related research and innovation.	Lenzing is participating in several activities like “Masterclass: Innovation in Circular & Biobased Textiles” and “Textile Circularity Multiplier Initiative”.

Industry associations

Stakeholder interest: leadership and participation to change for the better, support industry interests, develop and shape standards, collaboration.

Stakeholder	Membership	Description	Activities
<u>European Man-Made Fibres Industry Association (CIRFS)</u>	Presidency Contributor	CIRFS is the voice of the man-made fibers Industry in Europe. CIRFS’s mission is to facilitate the sustainable growth of the European man-made fibers industry to meet the future needs of the consumer, society, and the planet.	Beside the presidency in the CIRFS executive board by Lenzing’s Board Member, Robert van de Kerkhof, Lenzing actively takes part in different committees and working groups organized by CIRFS for a wide range of topics. Apart from Economic & Trade Policy and Statistics the key focus of CIRFS is on different topics within Circular Economy, Sustainability and Chemical Policy.
<u>China National Textile and Apparel Council (CNTAC)</u>	Contributor	CNTAC is a national organization for China’s textile and apparel industry.	Lenzing cooperates with CNTAC Office for Social Responsibility, Information Center and Development Center on sustainable development and new application development of the industry Important topics: <ul style="list-style-type: none"> ● Circular economy in China ● Support of “China Textiles Development Report” ● Piloting LCA of final garment/ bed set products; with implementation in the whole industry ● Establishing online sustainability training module - Empower Sustainability ● Establishing “LENZING™ Fiber Development and Application” award
<u>European Disposables and Nonwovens</u>	Board	EDANA promotes the sustainable development of the nonwoven industry for a community of over 290	Lenzing is engaged in several steering and working groups in various fields.

<u>Association (EDANA)</u>		companies worldwide and advocate the benefits of nonwovens for society.	<p>In 2022, a key focus of Lenzing's work within EDANA was the advocacy working group, where the key topic for Lenzing was and still is the discussion on the microplastic topic under EU Directive, Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Lenzing standard fibers do not fall under the plastic definition under REACH.</p> <p>Also proposals on new European Commission regulations such as the Ecodesign for Sustainable Product Regulation (ESPR), the textile strategy (NW might be regarded as textiles) and the directive on empowering consumers for the green transition ("green claims") were important topics for this working group.</p> <p>The wet wipes working group worked and still works on a consumer awareness campaign to dispose wet wipes correctly.</p>
<u>European Apparel and Textile Confederation (EURATEX)</u>	Member in several industry associations like Eurocoton, CIRFS, EDANA, WKO, which are represented as members and in the board of EURATEX.	EURATEX is the European Apparel and Textile Confederation, representing the interests of the European textile and clothing industry at the level of the EU institutions.	Lenzing takes an important role in the latest project ReHubs to further drive circularity in the Textile Industry. For more information, please see the "Stakeholder engagement" chapter in the Sustainability Report 2022.
<u>National Council of Textile Organizations (NCTO)</u>	Member	National Council of Textile Organizations is a unique association representing the entire spectrum of the textile sector. From fibers to finished products, from machinery manufacturers to power suppliers, NCTO is the voice of the U.S. textile industry.	Lenzing engages in several webinars, events, networking and lobbying activities.
<u>Outdoor Industry Association (OIA)</u>	Member	OIA was founded in 1989 by a group of 14 visionary outdoor industry pioneers. It is a member-led trade organization for the outdoor industry working on recreation and trade policy, sustainable business innovation and increasing outdoor participation.	Lenzing engages in several lobbying and pursues research activities including the Climate Action Corps.
<u>Transformers Foundation</u>	Founding member	The Transformers Foundation unifies the denim industry and its ideas for positive change. It grew up from the intention of providing the jeans and denim supply chain with a so far missing platform and a central contact	After years of participating in Transformers Talks, Lenzing has recognized the need to drive change in the industry. Lenzing works closely with industry's supplier network and encounters the ingenuity, expertise and commitment of its peers. Based on a

		point for consumers, brands, NGOs and media who are eager to learn more about ethical practices and sustainable innovation in the industry.	common basis of shared values, Lenzing supports the Transformers Foundation and the people driving this change process.
<u>US Fashion Industry Association (USFIA)</u>	Member	Founded in 1989, USFIA represents global brands, retailers, importers and wholesalers based in the United States. The association stands up for eliminating tariff and non-tariff barriers that impede free trade in the fashion industry and seeks to create jobs in the US.	Lenzing launches events, webinars as well as contributes to reports and lobbying activities.

Non-profits

Stakeholder interest: Drive a sustainable industry, change for the better, leadership

Stakeholder interest	Lenzing engagement through	Activities
<u>Canopy and CanopyStyle initiative</u>	Canopy is a not-for-profit environmental organization dedicated to protecting forests, species and climate. Initiated by Canopy, the CanopyStyle initiative is a group of more than 455 global fashion, designer and retail brands that aim to protect the world's ancient and endangered forests from ending up in textiles.	Lenzing maintains a continuous dialog with Canopy and the CanopyStyle initiative to constantly improve its sustainable sourcing practices and contribution to global forest conservation. For details on collaboration in the reporting year, see "Stakeholder engagement" chapter in the Sustainability Report.
<u>Changing Markets Foundation</u>	Changing Markets Foundation is a non-profit organization that accelerates and scales up solutions to sustainability challenges by leveraging the power of markets.	Lenzing is fully committed to addressing the issues of environmental and human health impacts raised by Changing Markets. In 2021, Lenzing continued its open exchange with the NGO in relation to the Dirty Fashion Report. Numerous activities in safety, health, and environment at the Indonesian production site were carried out, such as improvements in measuring and reporting key environmental data, continuous improvement, waste management, and in safety.
<u>Umweltdachverband</u>	Umweltdachverband is an Austrian umbrella organization of environmental NGOs.	Umweltdachverband worked in a feasibility study (finalized in September 2022) about connecting Lenzing's wood sourcing to activities for protecting biodiversity, especially endangered species, in managed forests in Austria.

<u>World Resources Institute (WRI)</u>	The World Resources Institute (WRI) fosters environmental protection, sustainable development and the improvement of people's living conditions.	<p>Based on its specialized know-how, Lenzing supports the definition of global improvement targets. Lenzing has initiated collaboration and support in developing the "Science Based Target initiative's Apparel Sector Guidance". This guidance was launched in mid-2019 and will help all companies along the value chain to develop climate change targets based on up-to-date climate science. Lenzing contributed to the development of the "<u>Roadmap to Net Zero: Delivering science based targets in the apparel sector</u>" report, which was published in 2021.</p> <p>WRI together with WBCSD facilitates the Greenhouse Gas Protocol. Lenzing is contributing actively to the process of the new Guidance on Land sector and removals.</p>
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Academia

Stakeholder interest: Industry insights, market development analysis, joint projects / developments to bring basic research towards application

Institution	Activities
Wood K plus	<p>Long-term cooperation</p> <p>Ongoing R&D projects on advanced biomass, lignin and hemicellulose utilization, use of enzymes in the production process</p> <p>Ongoing sustainability focus is on sustainable wood sourcing and biodiversity</p>
Christian Doppler Laboratory „Efficient, recycling-based circular Economy“	R&D on efficient, recycling-based circular economy
Christian Doppler Laboratory "Cellulose High-Tech Materials"	R&D on safe and efficient cellulose fiber production (granted, starts March 2023)
Research Center for Non Destructive Testing	Collaboration in PSSP project together with several Austrian industrial companies
University of California, San Diego, USA – Scripps Institution of Oceanography	Biodegradability of cellulose-based materials in maritime environment
Johannes Kepler University, Austria, Linz Institute of Organic Solar Cells (LIOS)	Basic research regarding dielectric properties of cellulose fibers and their influence on processing
European Polysaccharide Network of Excellence (EPNOE)	Exchange with European top institutes – Lenzing is also member of Industrial Advisory Board
Centexbel, Belgium	Cooperation regarding textile circularity – Centexbel is also the coordinator of CISUTAC
Austrian Institute of Technology (AIT)	Development of energy-efficient technologies within NEFI network (New Energies for Industry)

RWTH Aachen, Germany	Cooperation e.g. in project INGRAIN (biobased circular economy) and BIOTEXFUTURE
VTT, Finland	Cooperation in project "Piloting alternatives for plastics"
BOKU (University of Natural Resources and Life Sciences), Vienna	Wide range of cooperation from smaller bilateral projects to joint partnership in larger research activities (e.g. Wood K plus)
Pro²Future, Linz	Cooperation in the overlapping field of Artificial Intelligence, production and sustainability (e.g. AI4Green project REWAI)
Wageningen University & Research, The Netherlands	Exchange regarding alternative raw materials and circularity, partner in project CISUTAC
Aalto University Finland	Exchange and cooperation in the fields of fibers (and other cellulosic materials), textiles and recycling

Value Chain Partnerships

Competence centers and technical services

Lenzing runs three competence centers and offers technical and professional advice for partners along the value chain in order to deepen its relationships with them. These “Lenzing Innovation and Technology hubs” (LIT) are equipped with state-of-the-art facilities, such as the latest airjet high-speed spinning & spin/knit technology, and are operated by textile experts from the Technical Marketing Development team. The competence centers play a crucial role when it comes to offering added value to Lenzing’s business partners who use Lenzing fibers.

Lenzing Innovation and Technology hubs

- **Lenzing, Austria** – Technical Marketing Center (TMC)
Located at the Lenzing headquarters in Austria, the TMC’s competence focuses on the development of new fiber applications and ranges to best practice in fabric production. The professional team and the technically advanced facilities enable a wide scope from spinning to woven and knit fabric manufacturing and further down to fabric and garment processing. Equally sophisticated laboratory and testing facilities are available for nonwoven applications as well.
- **Purwakarta, Indonesia** – Lenzing Center of Excellence
Lenzing’s Center of Excellence in Indonesia focuses on primary customers. Its energy-efficient state-of-the-art machine park (fiber opening, carding, draw frame and spinning machines) covers all commercially important spinning technologies for wood-based fibers along the entire textile production chain. The up-to-date facilities respond to the customers’ need for highly flexible solutions.
- **Hong Kong, China** – Application Innovation Center
The Hong Kong Application Innovation Center is specialized in fabric and new application development. Its state-of-the-art facilities include seamless, yarn/garment coloration & spin/knit technology.

Cooperation between Lenzing & Hof University of Applied Sciences

The testing facilities to support Lenzing’s nonwoven business were significantly strengthened in 2021. In a cooperation with the German Hof University of Applied Sciences a brand new state of the art nonwoven pilot line was inaugurated. The new line offers unique opportunities to run trials on an industrial scale line and will specifically support Lenzing’s customers in their developments towards products made from 100 percent cellulosic materials.

Financial Community / Investors

Investors are increasingly conscious of the social and environmental consequences of decisions that companies make. Environmental, Social & Governance (ESG) criteria combine the company's environmental and social impact with its corporate governance performance and measure these activities in transparent, quantifiable metrics.

Regulators integrate mandatory ESG risk analysis and disclosure into their frameworks, both, for companies and investors.

Investors use ESG criteria to evaluate the creation of a company's long-term value and ability to mitigate risks. ESG screens are used to direct capital towards change leaders, companies who have the potential to transform an industry and whose business models are fit for the future. According to Lenzing's evaluation, investors with an ESG focus hold more than half of Lenzing shares owned by institutional investors.

Green innovations and sustainability are core pillars in Lenzing's corporate strategy 'Better Growth'. ESG rating agencies are increasingly important for Lenzing to evaluate its efforts to identify environmental, social and governance risks, and to improve its target setting.

As one of the first companies in the world, in 2019, Lenzing successfully positioned a bonded loan bound to its sustainability performance. The success of this sustainable finance instrument is a vote of confidence in Lenzing by the capital market. The company's rating history shows constantly improving results, with ratings being above sector average where rated. The rating scores achieved in the reporting year underline that Lenzing's sustainability performance was positively received by the investors' community.

Ratings 2022:

CDP: triple 'A'

CDP is a non-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. The world's economy looks to CDP as the gold standard of environmental reporting with the richest and most comprehensive dataset on corporate and city action. In 2022, over 680 investors with over USD 130 trillion in assets and 280 major purchasers with USD 6.4 trillion in procurement spend requested companies to disclose data on environmental impacts, risks and opportunities through CDP's platform. A record-breaking 18,700 companies responded. Lenzing is one of only 12 companies worldwide that were recognized with an outstanding triple 'A' for environmental leadership in climate change, forests and water security.

- CDP Climate: 'A' rating
CDP's climate change program aims to reduce companies' greenhouse gas emissions and mitigate climate change risks. Lenzing received an 'A' for Climate ("Implementing current best practices"). This is higher than the Europe regional average of 'B', and higher than the Chemicals sector average of 'B-'.
- CDP Forests: 'A' rating
CDP Forests provides a framework of action for companies to measure and manage forest-related risks and opportunities, transparently report on progress, and commit to proactive action for the restoration of forests and ecosystems. Lenzing received 'A' for Timber, which is in the Leadership band. This is higher than the Europe regional average of 'B-', and higher than the Chemicals sector average of 'B'.
- CDP Water: 'A' rating

CDP's Water Security program helps companies to increase awareness for their water management practices through transparent disclosure of direct and indirect interactions with water resources, analyzed risks, and identified opportunities. Lenzing received an 'A' Score for the second time in a row, which represents Leadership level. This is higher than the Europe regional average of 'B', and higher than the Chemicals sector average of 'B'.

Sustainalytics: rating kept stable on **22.4/100 (0 is the best) Medium risk level** compared to last evaluation

MSCI: 'AA' rating ('AA' score also in the last year)

This classification is a further testimony to Lenzing's leading role in sustainability. In 2020, Lenzing placed a bonded loan worth EUR 500 mn, which is linked to its sustainability performance. The accomplishment of a 'AA' rating for the second year in a row will again lead to savings in Lenzing's interest expense. In accordance with its commitment under the bonded loan placement, the company will donate the full amount of the interest expense saved thanks to the rating revision to a project it supports.

ISS-ESG: "Prime Status"

In its latest report, ISS ESG reconfirmed the Lenzing Group's "Prime Status" by accomplishing of 'B-' rating as last year. 38 companies from all over the world are rated in the "Paper & Forest Products" category. The best rating in this category is 'B-'.

EcoVadis: 78/100 Platinum status (Platinum status also last year)

Its rating from EcoVadis with regard to corporate social responsibility is particularly outstanding. Having achieved platinum status for the second time in 2022, Lenzing ranks among the world's top 1 percent of companies evaluated based on their approach to the environment, fair working conditions and human rights, as well as ethics and sustainable procurement.