

Stand up for future generations

#alettertoachild





Dear Haasini Grace, my little Wonder

You have been teaching me a lot and we grow up with you every day as you explore, uncover and point out to us so many things with your curious nature and fresh perspective.

I was wondering what future we may offer you. You may wonder why your dad was wondering about these

Contents

Sustainability Report 2020 Lenzing Group – Executive Summary

Stand up for future generations #alettertoachild – the report’s guiding theme	3
Ratings in 2020	4
CDP double ‘A’ score	5
Dark green shirt for the first time in Canopy’s Hot Button Report	5
EcoVadis – gold rating	6
Strategic investments on track	6
sCore TEN Strategy – update	7
Managing Sustainability	8
Targets	8
Circular Economy: a new vision for the future	9
Transparency and traceability of supply chains	10
Raw material security	11
Integration of plantations managed by LD Celulose, Brazil into the Lenzing Group	11
Decarbonization	12
Science-based target – update	12
Carbon-zero TENCEL™ branded fibers	13
Empowerment of People and Community wellbeing	14
The COVID-19 pandemic	14
New targets set	14
Afforestation and Social Impact project Albania	15
Further interesting links	16

Stand up for future generations – the report's guiding theme

#alettertoachild

We asked employees to write a letter to the most important people in their lives: Their children and grandchildren. It's a message to our future. This is the starting point for the film in the new #alettertoachild campaign, which reminds us that everything we think, say and do today is relevant above all to all those who are our future: Our children.

In the film, five people write a letter to a child who means a lot to them. What all the letter writers have in common is that they want the best for their children and live by it – they all work at Lenzing. All five want to express something through this letter:

- Thoughts and feelings about the future of their child.
- Worries, but above all their hopes and wishes.
- Why they work at Lenzing and what makes Lenzing special for them personally.

Children are the living symbol of sustainability. Thus, the living symbol for everything Lenzing does and strives for. We are committed to ensuring that the next generation also has a planet worth living on. That is Lenzing. So what could be a better guiding theme for this year's sustainability report?

Do you want to see all videos and get more information on the campaign?

[alettertoachild](#)



Highlights and Ratings in 2020



Strategic milestones

Strategic growth projects fully on track: Brazil and Thailand

Lenzing launches 3rd party certified carbon-zero TENCEL™ branded fibers

Second pilot plant completed for TENCEL™ Luxe filament yarn

Brand visibility increased – environmental initiatives continue to raise awareness of sustainable solutions

The Nonwovens initiative for eco-responsible consumption #ItsInOurHands celebrates its first anniversary, and succeeded in driving awareness about fossil based plastic in wipes.



Achievements

Financing agreements for construction of pulp plant in Brazil concluded as planned

Lenzing achieves highest Hot Button category, the dark green shirt, for the first time

New level of transparency in the textile industry: Lenzing introduces blockchain-enabled traceability platform

Lenzing is the only first-time discloser recognized with prestigious double 'A' score for global climate and forests stewardship by CDP

Lenzing is founding partner of the Renewable Carbon Initiative

Progress on afforestation and conservation project in Albania – erosion control measures finalized, about 3,600 trees planted



Awards

Building Public Trust Award 2020 from PwC for the best climate reporting in the Austrian ATX²

Austrian State Prize for Innovation for LENZING™ Web Technology³

Pegasus⁴ business award, Upper Austria: second place for Lenzing (Austria) in the innovation category

2020 High Performer Award for Lenzing Fibers Inc. from the EPA Smart-Way® Transport Partnership⁵

EUREM Award⁶ for Lenzing AG in the large enterprises category

Quality Supplier of Wood-based Cellulosic Fibers, jointly issued by China Chemical Fibers Association and China Cotton Textile Association⁷

Pursuer of Excellence in Sustainability 2020 award as an Annual Responsible Investment Practitioner⁸ from WWD China and China National Garment Association

SABRE Asia-Pacific and PRWeek Global Awards for Lenzing's efforts to educate consumers about environmental issues through the #FeelsSoRight campaign



Ratings

- CDP Climate: 'A' rating
- CDP Forest: 'A' rating
- EcoVadis: Gold status
- ISS ESG: Prime status ('B-' rating)
- MSCI: 'A' rating
- Sustainalytics: 22/100* – medium risk level
- Vigeo Eiris: 59/100 – 'robust' performance level
- Lenzing again member of VÖNIX stock exchange index ('B+' rating)

* 0 is best

Highlights and Ratings in 2020

CDP double 'A' score

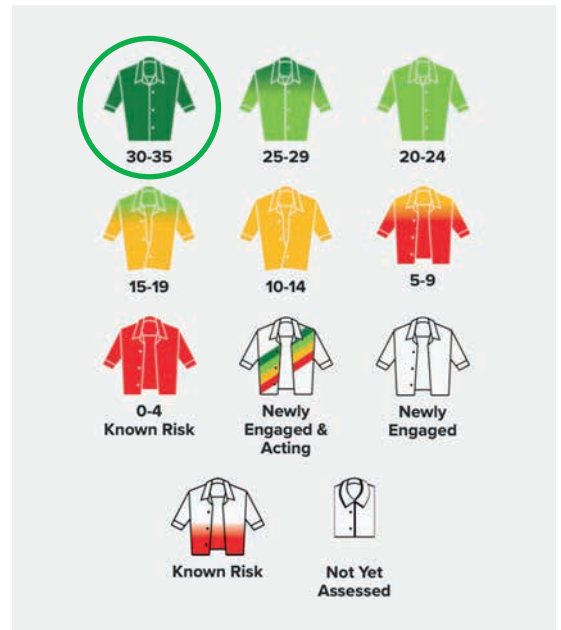
Lenzing underwent its first-ever assessment by CDP (Carbon Disclosure Project), a not-for-profit environmental organization, in 2020 and was the only new entrant on its forest and climate 'A' lists.

CDP Forest

Only 16 companies worldwide have an 'A' rating for forests. Through its significant demonstrable actions in these areas, Lenzing has taken a leading position on corporate environmental ambition, action, and transparency. The CDP forest score confirms that the production of Lenzing's wood-based cellulosic fibers avoid contributing to deforestation, by combining a stringent wood sourcing policy, forest certification, and dedicated commitment to the CanopyStyle initiative.

CDP Climate

To improve transparency and measure Lenzing's progress against key industry-leading disclosure platforms, Lenzing has submitted CDP climate disclosures and been rated 'A' for its leadership-level performance.



Dark green shirt for the first time in Canopy's Hot Button Report

Lenzing cooperates with Canadian NGO Canopy and maintains a continuous dialog with members of the CanopyStyle initiative to ensure responsible wood sourcing and protect the world's ancient and endangered forests from ending up in textiles and fibers. Canopy publishes the Hot Button Report, an annual ranking of all wood-based cellulosic fiber manufacturers based on their wood and pulp sourcing performance, transparency and innovation. In Canopy's latest Hot Button Report, published in November 2020, Lenzing received its first-ever dark green shirt and improved its score from 26.5 buttons in 2019 to 30.5 in 2020, continuing its long record of top rankings.

For more information on Canopy's Hot Button Report please see press release.

[Press release](#)

Highlights and Ratings in 2020



EcoVadis – gold rating

Lenzing once again achieved gold status in the sustainability rating of EcoVadis. For the third time in a row, the Lenzing Group was awarded gold status in the EcoVadis CSR rating. The assessment is further evidence that the company is one of the top performers in the field of sustainability worldwide. The Lenzing Group has been awarded the gold status in EcoVadis' CSR rating for the third year in a row. Lenzing is thus one of the leading two percent of all assessed companies in its industry. The assessment covers the four most important CSR (Corporate Social Responsibility) practices: environment, fair working conditions and human rights, ethics and sustainable procurement.

Lenzing achieves top ratings in all areas, making it one of the best performing companies.

For more information on EcoVadis please see press release.

[Press release](#)

Strategic investments on track

We continued to work resolutely to achieve our strategic goals despite the difficult market conditions in 2020. Our hard work has paid off: Key projects in Brazil and Thailand – the construction of a dissolving pulp plant and a lyocell plant – are still on schedule. They will not only support our transformation into a supplier of environmentally compatible specialty fibers but will also significantly help us to achieve our ambitious climate targets.



State-of-the-art lyocell plant in Thailand (in construction)

The lyocell plant under construction in Thailand is the world's biggest-capacity plant of its kind with improved efficiencies due to economies of scale and process innovation within the Lenzing Group. The state-of-the-art lyocell fiber production is an effective answer to the growing demand for fiber while at the same time offering a highly sustainable fiber material. The expansion of clean technology within the Lenzing Group reflects the company's commitment to improving the ecological footprint of the global textile industry. The site in Thailand enables sustainable biogenic energy production with its model infrastructure and will play a big role in advancing our goal of growing based on sustainably produced specialty fibers.

Highlights and Ratings in 2020



Brazil – dissolving wood pulp production

By far the biggest step in Lenzing's strategic approach to strengthen its dissolving wood pulp position occurred in December 2019, when the company announced plans to build a 500,000-ton dissolving wood pulp plant in the state of Minas Gerais (Brazil). It started to implement this investment in a joint venture with the Brazilian Duratex group. Lenzing holds a 51 percent stake, Duratex 49 percent.

The new production facility was designed with sustainability in mind. It will be among the most productive and energy-efficient facilities in the world, meet the European Union's Best Available Technology (BAT) standard. The produced pulp can be 100 percent FSC® certified and will be totally chlorine-free (TCF). This site is planned to start up in the first half of 2022.

The new site in Brazil will export more than 50 percent of the electricity it generates to the public grid as renewable energy and will have a positive net carbon footprint once it starts operations. Lenzing takes its responsibility for the 44,000-plus-hectare biomass plantation very seriously and applies the strictest standards to its cultivation.

If you want to read more about dissolving wood pulp production and plantation forestry in Brazil please see Sustainability Report page 69.

[Sustainability Report 2020](#)

sCore TEN Strategy – update

In 2015, Lenzing's strategy sCore TEN was announced and has since proven an excellent guiding path for the company's transformation. The update of the corporate strategy in 2020 confirmed the validity of the path Lenzing is following and the group reemphasized that we will continue to stay the course started in 2015. However, on some fronts a further update was made including the new vision statement and an updated mission statement:

sCoreTEN

Vision

We make a zero-carbon future come true.

Mission

Lenzing is a sustainable solutions company that turns CO₂ and sunlight into highly functional, emotional and aesthetic products in order to give individuals in all parts of our planet a natural choice.

Managing Sustainability



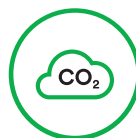
Targets

In 2018, Lenzing published its sustainability targets for the most important challenges in each of its strategic focus areas. But because Lenzing wants to keep getting better, additional ambitious targets were defined last year to strengthen our path to a sustainable future. To increase transparency, the corresponding implementation measures are described.

The the company now has 18 targets in the following areas:



Circular Economy



Decarbonization



Empowerment of People



Partnering for change



Sustainable Innovations



Water stewardship

A color code shows the status of each target or by when we would like to implement it.

You can find the exact targets and the associated measures in the Sustainability Report on page 32.

[Sustainability Report 2020](#)

Circular

Economy:

a new vision for the future



Circular economy is built on the idea that closed loops allow maximum value to be extracted from resources. Products last longer, and waste from one process can be used as a raw material in another process, which reduces the need for virgin resources, avoids waste, increases resource efficiency and thereby minimizes environmental impacts. Lenzing embeds different elements of the circular economy in its business model, practices and innovations. In addition, a further step was taken in the year under review towards a circular economy. With the definition of a vision on the subject of recycling, the company is consistently pursuing its chosen path.

We give waste a new life. Every day

This new vision is based on our determination to create value with as little virgin resources as possible and reducing the use of fossil carbon in the company and the value chain while improving sustainability performance. To make this happen, three pillars were defined:



**We use regenerative
and recycled raw
materials to protect the
planet**



**We think circular to
design out waste and
pollution in all our
processes**



**We innovate processes
to use and reuse
materials again and
again**

In line with its vision, “We give waste a new life. Every day”, Lenzing strives to make textile waste recycling a common standard process like paper recycling. Lenzing set a target and measures to make this vision a reality this reporting year: Lenzing plans to offer viscose, modal and lyocell staple fibers with up to 50 percent post-consumer recycled content on a commercial scale by 2025.

If you want to read more about Circular Economy in the Lenzing Group, please see page 36 in the Sustainability report.

[Sustainability Report 2020](#)

Circular

Economy: a new vision for the future

Transparency and traceability of supply chains

Transparency provides a foundation for credible sustainability performance, especially the circular economy that will be part of the upcoming EU system of due diligence for supply chains. Gaining a deeper understanding of Lenzing's suppliers and downstream customers is critical for minimizing the Group's overall environmental impact and putting it on the right track to achieve a low-impact, carbon-neutral footprint by 2050.

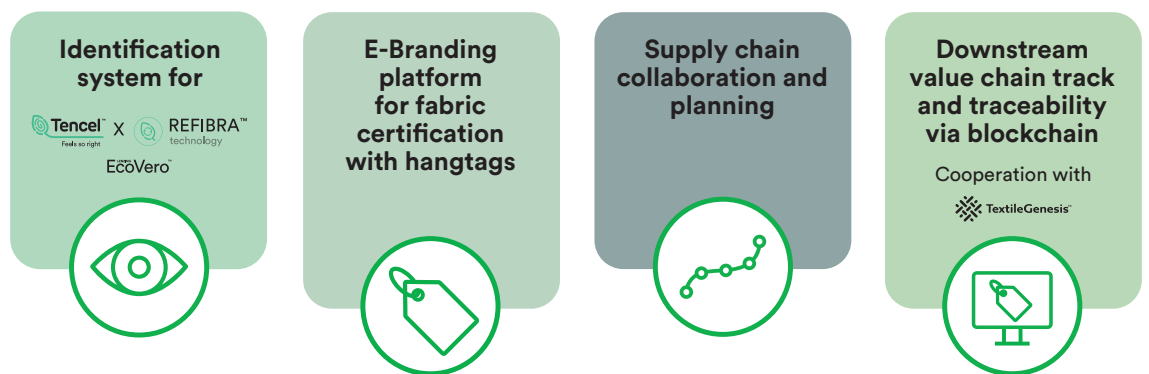
Traceability also gives customers and end users confidence. Close digital connections across the network help close the loops efficiently and holistically and facilitate the transition from a linear to a circular supply chain.

Lenzing's fiber identification system and E-Branding Service are the basis of its overall approach to transparency, while the TextileGenesis™ blockchain project uses the data for maximum traceability. The supply chain collaboration and planning project will complement these pillars.

Lenzing follows a four-pillar approach to a more sustainable and transparent supply chain:

The Lenzing Group's building blocks of transparency

Figure 06



Details on each of the four pillars can be found in the Sustainability report on page 46.

Sustainability Report 2020

Supplier assessment

For Lenzing, transparency does not begin with the delivery of the fibers, but even before that in our upstream value chain. Lenzing conducts regular audits as well as specific evaluations of both new and established suppliers for sustainability and compliance with environmental and safety standards. Suppliers are interviewed regularly and evaluated under environmental and safety aspects with the support of external experts. The EcoVadis online tool is used to evaluate these non-wood suppliers.

Raw Material security



Integration of plantations managed by LD Celulose, Brazil into the Lenzing Group

For the new dissolving wood pulp production in Brazil, wood – mainly Eucalyptus species – will be sourced from LD Celulose’s FSC®-certified plantations of over 44,000 hectares. The managed land contains a proportion of conservation area dedicated to biodiversity protection and belongs to the Cerrado biome, which is about 800 kilometers away from the Amazon region.

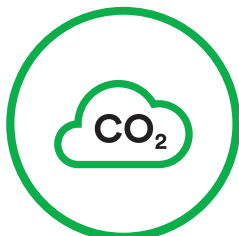
Plantation forestry can reduce deforestation pressure on natural (primary) forest areas by providing wood at very high yields per unit area as an alternative to sourcing it from natural forests. FSC® certification entails management criteria to protect biodiversity, as determined in detail in the national standards. Management practices include a certain percentage of reserved conservation areas.

LD Celulose is aware of the diversity of flora and fauna found in its forest areas, with 1,383 plant and 1,059 animal species registered since the 1970s when Duratex started its biodiversity research projects. Biodiversity research projects are undertaken in these areas through partnerships with universities in addition to internal programs. LD Celulose monitors fauna and flora in the forest areas and areas directly influenced by the mill site. These programs are carried out annually in the dry and in the rainy season and aim to monitor possible impacts on local biodiversity. The programs are also required by the Brazilian environmental agency. There have been no significant impacts on biodiversity to date.

If you want to read more on the plantations in Brazil, please see Sustainability Report page 70.

[Sustainability Report 2020](#)

Decarbonization



Science-based target – update

Lenzing had its ambitious science-based target (SBT) approved in November 2019 and has started implementing it. The following section provides information about the implementation in a few key areas.

In line with the Paris agreement and the UN SDG 13, the Lenzing Group set an ambitious science-based target reducing CO₂ emissions (scope 1, 2 and 3) 50 percent per ton of product by 2030 compared to a 2017 baseline. Lenzing also aims to achieve net-zero CO₂ emissions by 2050 (scope 1 and 2).

To reach this target it is necessary to set up the right framework within the company and to define individual sections like

- Governance – a cross-functional project team under the leadership of our CEO was formed
- Strategy, targets, and roadmaps – Lenzing’s corporate strategy score TEN now includes a target that serves as a milestone for the long-term science-based target and ensures the inclusion of climate change in the business strategy
- Integration into functions like R&D, Operations, Business Management and Sales, Procurement and Supplier Engagement, Strategy, Mergers and Acquisitions as well as Finance and Controlling
- Monitoring and reporting – the CEO and steering committee monitor project progress reports quarterly.

Achievements in 2020

1. Development of Group-level and production site-level roadmaps towards net-zero emissions
2. Implementation of TCFD in the global organization started
3. Improved climate change transparency and disclosure with CDP Climate – achieved leadership status with ‘A’ rating
4. Supplier engagement kick-started with key chemicals suppliers
5. Two new products with climate change benefits launched
6. Two production sites in Austria used renewable electricity
7. One production site (Nanjing, China) is well-placed to transition from coal to natural gas
8. Implementation of air purification and sulfur recovery plant in Lenzing, Austria, started (reduces scope 3 emissions)
9. A few pivotal projects were set up with dedicated responsibilities and budgets
 - a. Technology innovation: project launch with academic partners to decarbonize heating demand by developing high-temperature heat pumps with renewable electricity that replaces fossil fuel use for heating needs
 - b. An on-site renewable electricity generation project is in development

If you are interested in details about the individual sections and the achievements in 2020, please see Sustainability report page 80.

[Sustainability Report 2020](#)

Decarbonization



Carbon-zero TENCEL™ branded fibers

Lenzing launched new carbon-zero TENCEL™ branded lyocell and modal fibers. These new fibers are Carbon-Neutral® product certified in accordance with The CarbonNeutral Protocol – the leading global framework for carbon neutrality.

These carbon-zero TENCEL™ branded fibers will help Lenzing's customers, especially brands and retailers, to reduce their scope 3 emissions from raw material production and fulfill their scope 3 science-based target commitments.

Four key levers – energy reduction, use of renewable energy, new technology innovation, and supplier engagement – are deployed to achieve Lenzing's carbon

net-zero target in the long run. The three pillars “Reduce”, “Engage”, and “Offset” actively contribute to the reduction of the product's carbon footprint by reducing as much emissions as possible within the current technological and economic feasibility, engage supply chain partners to reduce their emissions and offset remaining unavoidable emissions, whose share will reduce periodically when further implementing other pillars due to improvements. These products have lowest CO₂ footprint in their (fiber) category and thus can contribute to the fulfillment of our customers' SBT.

If you want to read more about the levers to meet our science-based target, please see Sustainability Report page 91.

[Sustainability Report 2020](#)

More on Lenzing's contribution to reducing the impact of climate change and to decarbonizing the value chain can be found on the website.

[Website](#)

We make a zero-carbon future come true.

Empowerment of *People* and Community wellbeing

The COVID-19 pandemic

“The pandemic has not changed Lenzing’s attitude toward sustainability. On the contrary, sustainability has been and will continue to be included in all corporate decisions.”, says Stefan Doboczky, CEO.

For Lenzing, like for so many others, 2020 was overshadowed by the COVID-19 pandemic. Lockdowns in virtually all markets had a savage impact on the entire textile and apparel industry. We focused our efforts on maintaining our sustainable business trajectory and ensuring the health and safety of our employees and partners up and down the value chain.

Close contact with partners along the value chain has enabled Lenzing to respond promptly and nimbly to ever-changing market requirements. The disciplined execution of the sCore TEN corporate strategy with its focus on specialties had a positive impact. Current expansion projects in Brazil (dissolving pulp plant) and Thailand (lyocell plant) remain on schedule despite the challenging market environment.

New targets set

For the first time, Lenzing has set and disclosed three targets and corresponding measures on the topic of people who are directly or indirectly affected by the company’s activities. Lenzing sees it as a key responsibility to make its contribution to the Sustainable Development Goals (SDGs) of the United Nations. In particular, the targets below contribute to SDG 1 (End poverty), SDG 3 (Good health and well-being), SDG 5 (Gender equality), SDG 8 (Decent work and economic growth) and SDG 10 (Reduced inequalities).

If you want to read more on our new targets please see Sustainability Report page 32.

[Sustainability Report 2020](#)

More on our contribution of the SDGs can be found in our “United Nations Sustainable Development Goals (SDGs)” focus paper.

[Focus paper](#)

Color code status (2020)

- On track
- Achieved
- New*
- Delayed
- Stopped
- Not achieved

Empowering people		Target year
Target 16	To have a continuously valid third-party audited social certificate for every Lenzing Group production (fiber or dissolving wood pulp) site by 2023	2023
Measure(s)	Lenzing implements and annually updates Facility Social Labor Module (FSLM) at all pulp and fiber production facilities and shares verified modules with customers from 2023 onwards	2023
Target 17	To enable a good life for people amplified by means of products offered by Lenzing and by respecting human rights, employee wellbeing, and diversity	Continuous
Measure(s)	Lenzing implements training courses for 75 percent of workforce on diversity, discrimination, nondiscrimination policy, and human rights	2025
	Lenzing establishes a working condition policy	2021
Target 18	To continuously support the development of local communities near Lenzing production sites and support social welfare programs to 2025 and beyond	Continuous

* target has been formulated and published in 2020, refers to 2020 as baseline

Empowerment of *People* and Community wellbeing



Afforestation and Social Impact project Albania

In 2018, the Lenzing Group launched a reforestation and social impact project in Albania. Since then, a very dedicated local team has been working to drive the project forward. Last year, not everything could be implemented as originally planned. Here, too, the pandemic prevented many things from happening. Nevertheless, a lot was achieved.

If you want to know the background of the project and what else happened since 2018 please see issue 01/2019 and 02/2019 of the Sustainability Newsletter.

[Newsletter 01/2019](#)

[Newsletter 02/2019](#)

Actions in 2020

- Erosion control measures finalized
- 3,665 trees planted (1,875 Mediterranean pines, 500 oak, 990 hazelnut, 300 olive) in Ana e Malit
- All training modules finalized: 4 forest management, 5 fire prevention and 4 safety in forestry work training courses were held despite COVID-19 restrictions while observing social distancing regulations.
- Promotional leaflet for forest school including future job profiles and career opportunities for graduates developed
- Three groups of students from the Austrian School in Shkodra further developed their thesis based on the idea of designing a tool to track the growth and failure rate of seedlings in the reforestation area.

Further interesting *links*



To accompany the Sustainability Report, we have published focus papers that provide deeper insights into various topics like:

- Wood & Pulp
- Stakeholder Engagement
- Sustainable Development Goals (SDGs)
- Social Responsibility
- Responsible Production
- Materiality Analysis

You can find all of them on our website under “Publications”. Please scroll down to the bottom of the page.

[Publications](#)

“The pandemic has not changed Lenzing’s attitude toward sustainability. On the contrary, sustainability has been and will continue to be included in all corporate decisions.”

Stefan Doboczky, CEO



Innovative by nature

www.lenzing.com

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