

focus paper

Stakeholder engagement  
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 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 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 low-carbon 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.

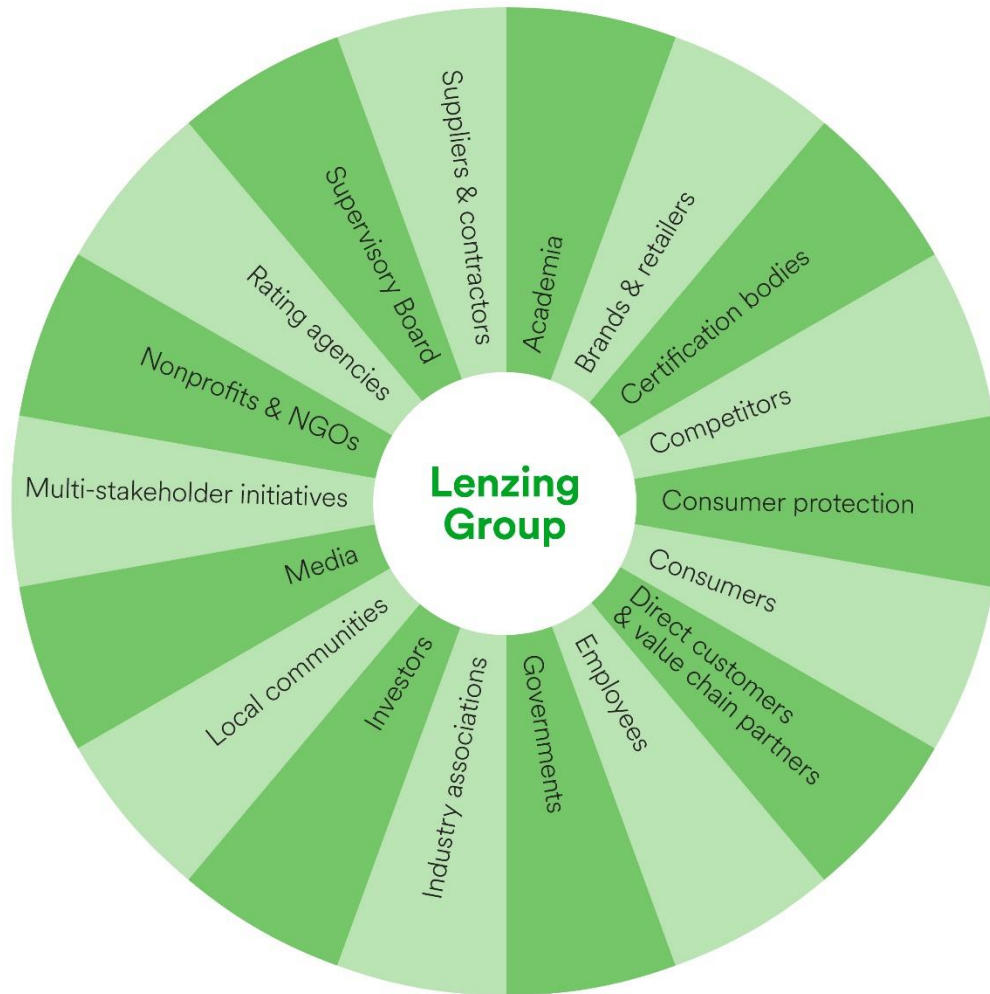


Figure 2: Lenzing's stakeholder groups

## 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 2023, please find more information in the "Own workforce" 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.

## 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. Please find more information in the “Community engagement” focus paper.

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
<a href="#"><u>Renewable Carbon Initiative (RCI)</u></a>	Founding partner / Board member	Eleven leading companies from six countries founded the Renewable Carbon Initiative in September 2020 under the leadership of nova-Institute (Germany). Until the end of 2023 the number of members increased to more than 60.	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 refer to the " <a href="#"><u>Climate change stakeholder engagement</u></a> " section in the Sustainability Report 2023.
<a href="#"><u>Cascale</u></a>	Founding member / Board of Directors	Cascale (formerly SAC) is the apparel, footwear and home textile industry's foremost alliance for advancing sustainability. Its 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"> <li>● Lenzing contributes to the development and testing of the Material Sustainability Index (MSI) relaunch and the first part of the product module.</li> <li>● Lenzing submits all fiber data to the Higg Index for inclusion of product sustainability impact data to a key tool used by the global textile industry.</li> <li>● In October 2023, Lenzing's VP of Corporate Sustainability was elected Vice Chair of Cascale's Board of Directors. This is the principal governing body responsible for setting the strategic direction of Cascale as well as fiduciary oversight, guidance and oversight of the CEO.</li> <li>● Lenzing has been selected to serve on the Cascale 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 Cascale strategic plan about the Transparency goals and objectives.</li> </ul>
<a href="#"><u>Textile Exchange</u></a>	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"> <li>● In fall 2021, Lenzing's EVP Commercial Textiles 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.</li> <li>● Input to the annual Preferred Fiber and Materials Report and Fiber Benchmark Report</li> </ul>



			<ul style="list-style-type: none"> <li>● Pilot participant in the Corporate Fiber and Materials Benchmark for Suppliers</li> <li>● Completion and <u>public posting</u> of the MMCF Producer Transparency Questionnaire</li> <li>● Biodiversity Benchmark: Advisory Group member and input to the new questionnaire.</li> <li>● Sponsorship and agenda support for the Annual Textile Sustainability Conference including exhibiting and participation in the MMC Fiber Round Table.</li> <li>● Collaborating, speaking at seminars for industry engagement.</li> </ul>
<u>Textiles 2030 (an initiative of Waste &amp; 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 " <u>Resource use and circular economy stakeholder engagement</u> " section in the Sustainability Report 2023.
<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"> <li>● UN Fashion Charter (see below)</li> <li>● United Nations Framework Convention on Climate Change (UNFCCC)</li> <li>● Fashion Impact Found</li> <li>● Conscious Fashion Campaign</li> <li>● United Nations Global Compact (see below)</li> </ul>
<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 socially responsible policies, and to report on their implementation	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 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 "Identifying low carbon sources of Man-Made Cellulosic fibres", published in 2023. For more information please refer to the " <a href="#">Climate change stakeholder engagement</a> " section in the Sustainability Report 2023.
<u>Accelerating Circularity</u>	Founding Member, Member of European Steering Committee	Accelerating Circularity is a nonprofit that creates new supply chains and business models to turn textile waste into mainstream raw materials.  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.	<ul style="list-style-type: none"> <li>● 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.</li> <li>● Trials include Trial 12: T-shirt with 60% Cotton/40% REFIBRA™; and Trial 9: Soft Denim Jean with 50% REFIBRA™.</li> <li>● 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 "<a href="#">Resource use and circular economy stakeholder engagement</a>" section in the Sustainability Report 2023.</li> </ul>
<u>Accelerating Circularity's Alliance of Chemical Textiles Recyclers (ACTR)</u>	Founding Member	ACP has created a working group, the Alliance of Textile Chemical Recyclers (ACTR), to meet and address the textile industry with a common voice to facilitate information for textile chemical recyclers. Lenzing is a founding member of ACTR alongside industry players like Eastman or Lycra.	The working group began in 2023 in response to requests from Lenzing's partners to help educate the industry about chemical recycling. As a first step, ACTR is introducing a dictionary of basic terms developed to provide the industry with a better understanding of chemical textile recycling. Through ACTR, it will also be possible to meet and address the textile industry with a common voice.
<u>Zero Discharge of Hazardous Chemicals (ZDHC)</u>	Contributor to ZDHC's Man-Made	ZDHC works towards reducing the industry's chemical footprint and collaborates with global brands,	In 2021, Lenzing has started the ZDHC Gateway reporting according to the MMCF wastewater guideline in its viscose

	Cellulosic Fibers (MMCF) Task Team on wastewater, sludge/solid waste, and air emissions	chemical suppliers, manufacturers and other organizations.	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 MMCF Supplier Platform, where responsible production and air emission guidelines are reported. In 2023, Lenzing started the Gateway and Supplier Platform reporting at all fiber production sites. For more information, please see the " <a href="#">Pollution</a> " chapter in the Sustainability Report 2023.
<a href="#">Textile ETP</a>	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
<a href="#">European Man-Made Fibres Industry Association (CIRFS)</a>	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.	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.
<a href="#">China National Textile and Apparel Council (CNTAC)</a>	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 include: <ul style="list-style-type: none"> <li>● Circular economy in China</li> <li>● Advocate and promote Carbon Neutral Fashion</li> <li>● Promoting sustainable fashion with Chinese brands</li> <li>● Advocate and promote sustainability to denim textile value chain</li> </ul>

			<ul style="list-style-type: none"> <li>● Implementation of LCA in the whole industry</li> <li>● Explore future material in textile industry</li> <li>● Setting 4 group standards: Carbon Neutral Factory, Carbon Neutral Product, Carbon Labelling, ESG Reporting</li> </ul>
<a href="#"><u>European Disposables and Nonwovens Association (EDANA)</u></a>	Board	EDANA promotes the sustainable development of the nonwoven industry for a community of over 290 companies worldwide and advocate the benefits of nonwovens for society.	<p>Lenzing is engaged in several steering and working groups in various fields. 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. 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 works on a consumer awareness campaign to dispose wet wipes correctly.</p>
<a href="#"><u>European Apparel and Textile Confederation (EURATEX)</u></a>	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. By the end of 2024, Europe will face the challenge of organizing a separate collection of textile waste and ensuring proposal disposal option of the collected waste. At present, there is no large-scale plan across Europe to reuse and recycle the current 7.5 million tons of textile waste.	Lenzing takes an important role in the latest project ReHubs to further drive circularity in the Textile Industry. Lenzing plays an active role in the "Transform textile waste into feedstock" project within the EURATEX ReHubs initiative led by Texaid. Please see the <a href="#"><u>"Resource use and circular economy stakeholder engagement"</u></a> section in the Sustainability Report 2023.
<a href="#"><u>Horizon Europe Circular and Sustainable Textiles and Clothing (CISUTAC)</u></a>	Partner	The consortium was established to support the transition to a circular and sustainable textile sector and is co-funded by the EU. Besides Lenzing, the 24 partners of the consortium include the	Lenzing became a partner in the CISUTAC project in 2022. Through CISUTAC, Lenzing participates in ECOSYSTEX, a community of 26 EU-funded projects focusing on textile sustainability that aims at ensuring collaboration across project consortia. For

		industry association EURATEX, Södra, Decathlon and the NGO Oxfam. The aim of this initiative is to prevent, identify and eliminate barriers to the circularity of the clothing chain.	its part, Lenzing is focusing on the development of recycling processes for cellulose fibers in line with its own corporate strategy.
<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 point for consumers, brands, NGOs and media who are eager to learn more about ethical practices and sustainable innovation in the industry.	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 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	Lenzing maintains a continuous dialog with Canopy and the CanopyStyle initiative to constantly improve its

	<p>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.</p>	<p>sustainable sourcing practices and contribution to global forest conservation. For details see "<a href="#">Raw material security stakeholder engagement</a>" section of the Sustainability Report 2023.</p>
<p><a href="#">Changing Markets Foundation</a></p>	<p>Changing Markets Foundation is a non-profit organization that accelerates and scales up solutions to sustainability challenges by leveraging the power of markets.</p>	<p>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.</p>
<p><a href="#">Umweltdachverband</a></p>	<p>Umweltdachverband is an Austrian umbrella organization of environmental NGOs.</p>	<p>Umweltdachverband worked in a feasibility study (finalized in 2022) about connecting Lenzing's wood sourcing to activities for protecting biodiversity, especially endangered species, in managed forests in Austria.</p> <p>A publically funded research project "Biodiversity and multifunctional forest management" (BIMUWA) developed specific measures to protect endangered species and increase biodiversity under local conditions, which are integrated into daily forest management work. ÖBf is cooperating here with the NGO umbrella organization Umweltdachverband. In 2023, As the measures are very concrete and yet rather easy to implement, positive effects are scaled to large forest areas. Lenzing supported the roll-out of the results to the interested private forest owners in the region.</p>
<p><a href="#">World Resources Institute (WRI)</a></p>	<p>The World Resources Institute (WRI) fosters environmental protection, sustainable development and the improvement of people's living conditions.</p>	<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</p>

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 "[Roadmap to Net Zero: Delivering science based targets in the apparel sector](#)" report, which was published in 2021. It was prepared by the WRI together with the Apparel Impact Institute (AII), a spin-off Cascale, which identifies, funds, scales and measures the apparel and footwear industry's proven environmental impact solutions. In 2023, AII has published [a sequel](#) to this report to take stock and progress made by industry towards net-zero goal. Lenzing has contributed to this report with best practice examples in different areas such as innovative materials, eliminating coal, switching to 100 percent renewable grid electricity.

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. In Lenzing's view, sustainably managed forests and plantations are key elements for climate change mitigation through carbon sequestration in the forest, harvested wood products, and the replacement of fossil-based materials that have high carbon footprints. Moreover, sustainably managed semi-natural forests constitute the most successful way of protecting biodiversity and enabling people to enjoy the benefits of forests in the form of recreation or micro-climate benefits (ecosystem services), for example.

For details see "[Raw material security stakeholder engagement](#)" section of the Sustainability Report 2023.

## Academia

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

Institution	Activities
Wood K plus	Long-term cooperation Ongoing R&D projects on advanced biomass, lignin and hemicellulose utilization, use of enzymes in the production process Ongoing sustainability focus is on sustainable wood sourcing and biodiversity Dissertation on biodiversity ongoing (corp biod. Impacts and dependencies assessment)
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



## Cooperation between Lenzing & Hof University of Applied Sciences

Lenzing cooperates with the [German Hof University of Applied Sciences](#) on a state-of-the-art nonwoven pilot line and testing facilities to support Lenzing's nonwoven business. The line offers unique opportunities to run trials on an industrial scale and specifically supports Lenzing's customers in their developments towards products made from 100 percent cellulosic materials. In 2023 trials for the development of new technical, hydroentangled nonwovens started and further research to support the transition to cellulosic platforms.

## 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 relationship with them. In these competence centers Lenzing employees e.g. generate ideas for application developments and put them into reality, they work on improvement of fiber processing methods and technologies with an eye on efficiency and sustainability, and additionally work on general quality improvements.

The centers complementing each other, are equipped with the state-of-the-art facilities, such as the latest airjet highspeed spinning & spinning/knitting technology, mirroring the common production facilities in the market.

### 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.

### Transfer of knowledge

To make employees fit for the market challenges that they are facing in their daily work, and to prepare next generations of in-house textile experts, Lenzing has a clear focus on training and know-how transfer.

## 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 & Awards received in 2023

### 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 2023, over 745 investors with over USD 136 trillion in assets and 330+ large purchasers with over USD 6.4 trillion in procurement spend requested companies to disclose data on environmental impacts, risks and opportunities through CDP's platform. Based on data reported through CDP's 2023 Climate Change, Forests and Water Security questionnaires, Lenzing is one of the **only 10 companies** that achieved a triple "A" – **out of over 21,000 companies** scored and for the third year in a row.

- 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: ESG risk rating of 22.4/100 (0 is the best), Medium risk level**

Lenzing keeps its risk level and is ranked among the top 30 of 565 chemicals producers

**MSCI. 'AA' rating ('AA' score also in the past two years)**

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 third 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 non-profit project it supports.

**ISS-ESG: "Prime Status"**

In its most recent report, ISS ESG has reaffirmed the Lenzing Group's "Prime Status" by maintaining a 'B-' rating, just as it did in the previous year. Within the "Paper & Forest Products" category, where 38 global companies are assessed, achieving a 'B-' rating represents the highest level of performance.

**EcoVadis: 80/100 Platinum Medal**

In 2023, Lenzing has secured its third consecutive platinum medal, placing the company within the top one percent of globally assessed firms. Once again, Lenzing has improved its ratings across all sustainability categories assessed by EcoVadis, including environmental responsibility, ethical standards, labor and human rights, and sustainable procurement.

**Canopy: "Dark Green shirt"**

This global ranking evaluates the world's cellulosic fiber manufacturers: Lenzing is again recognized as champion of sustainability for responsible sourcing, innovation and transparency and achieves the highest category ("Dark green shirt") for the fourth time and the 2<sup>nd</sup> place in the overall ranking.

**ITMF Award**

Lenzing and Södra received the award in the "International Cooperation" category, for joint achievements in textile recycling and circular economy.

**Swiss BIO TOP Award**

This award recognizes wood and material innovations and was awarded for field tests regarding the use of geotextiles made from cellulosic LENZING™ fibers to protect glacial masses.

**Austrian Sustainability Reporting Award (ASRA)**

Lenzing won first place in the "prime market" category for its 2022 sustainability report. This is the second time in a row Lenzing wins this award.

**Vienna Stock Exchange VÖNIX Sustainability Award**

Lenzing receives first place at Vienna Stock Exchange VÖNIX Sustainability Award in the "Industrials" category



### **CNTAC - Pursuer of Excellence in Sustainability Award**

Lenzing was named the “Sustainable Public Education Practitioner of the Year” in China

### **European Union Chamber of Commerce in China - Excellence in Carbon Neutrality Award**

Regional “Excellence in Carbon Neutrality” award. Out of 44 entries, Lenzing Nanjing Fiber’s commitment to carbon neutrality stood out.

### **ISPO Award**

Lenzing received the award together with icebreaker for their “Merino 200 Realfleece™ Descender LS Zip Hoodie”, an ultra-light hoodie made from 40 percent fine Merino wool and 60 percent TENCEL™ Lyocell.

## **Imprint**

Lenzing Group

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Inquiries to: [sustainability@lenzing.com](mailto:sustainability@lenzing.com)

