Lenzing
Innovative by nature

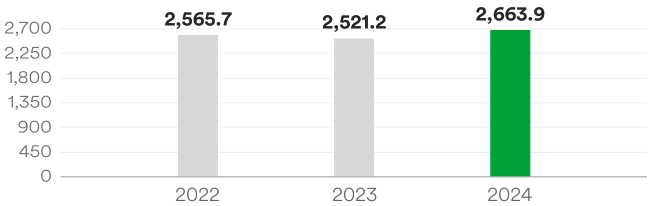
# ACTIVATE TRANSFORMATION HERE

ANNUAL AND SUSTAINABILITY REPORT 2024
OF THE LENZING GROUP

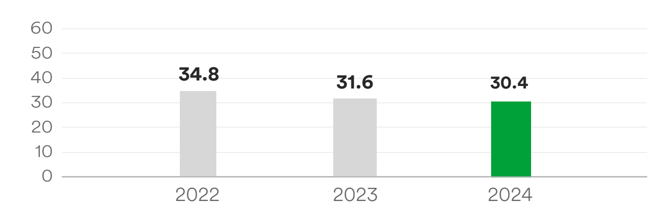
# OVERVIEW OF THE LENZING GROUP

**Selected indicators of the Lenzing Group**

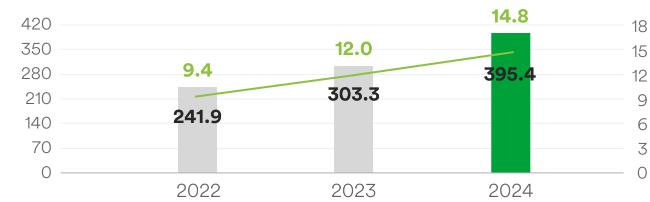
**Revenue** in EUR mn



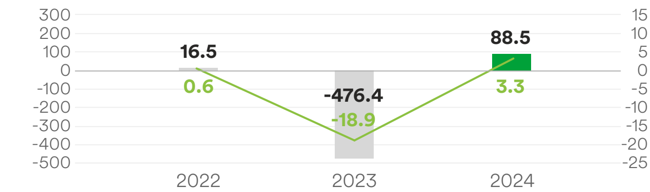

**R&D expenditure (after Frascati)** in EUR mn



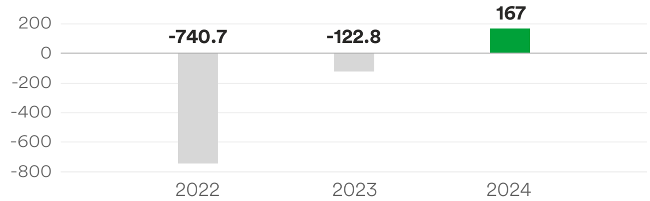

**EBITDA** in EUR mn. **EBITDA margin** in %



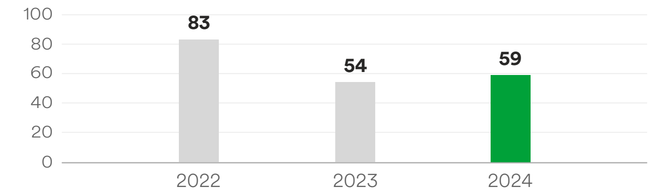

**EBIT** in EUR mn **EBIT margin** in %




**Free cash flow** in EUR mn




**Specific GHG emissions** in %[1]




The Lenzing Group stands for the responsible production of specialty and premium fibers based on regenerated cellulose. As an innovation leader, Lenzing is a partner of global textile and nonwoven manufacturers and drives many new technological developments. The Lenzing Group's high-quality fibers are the raw material for a wide range of textile applications – ranging from functional, comfortable, and fashionable clothing through to durable and sustainable home textiles. TÜV-certified biodegradable and compostable Lenzing fibers are also ideal for demanding use in everyday hygiene applications.

The Lenzing Group's business model extends far beyond that of a traditional fiber producer. Together with its customers and partners, Lenzing develops innovative products along the value chain, adding value for consumers. The Lenzing Group strives for efficient utilization and processing of all raw materials and offers solutions for the transition of the textile industry from the current linear economic system to a circular economy. In order to align its commitment to limiting man-made climate change with the goals of the Paris Agreement, Lenzing has a clear, science-based climate action plan that provides for a significant reduction in greenhouse gas emissions (Scopes 1, 2, and 3) by 2030 and a net-zero target by 2050.

[1] scope 1, 2 and 3; reported per ton of pulp and fiber sold; index based on t $CO_2$ eq./t, 2017 = 100 %

# SELECTED INDICATORS OF THE LENZING GROUP

## Key earnings and profitability figures

| EUR mn | 2024 | 2023 | Change |
|---|---|---|---|
| Revenue | 2,663.9 | 2,521.2 | 5.7% |
| EBITDA (earnings before interest, tax, depreciation and amortization) | 395.4 | 303.3 | 30.4% |
| EBITDA margin | 14.8% | 12.0% | |
| EBIT (earnings before interest and tax) | 88.5 | (476.4) | n/a |
| EBIT margin | 3.3% | (18.9)% | |
| EBT (earnings before tax) | (42.0) | (585.6) | 92.8% |
| Net profit/loss after tax | (138.3) | (593.0) | 76.7% |
| Earnings per share in EUR | (4.06) | (20.02) | 79.7% |
| ROCE (return on capital employed) | 3.6% | (14.2)% | |
| ROE (return on equity) | (2.4)% | (30.1)% | |
| ROI (return on investment) | 1.7% | (8.9)% | |

## Key cash flow figures

| EUR mn | 2024 | 2023 | Change |
|---|---|---|---|
| Gross cash flow | 140.4 | 88.5 | 58.7% |
| Cash flow from operating activities | 322.5 | 160.3 | 101.2% |
| Free cash flow | 167.0 | (122.8) | n/a |
| CAPEX | 156.3 | 283.6 | (44.9)% |
| Liquid assets as at 31/12 | 451.7 | 731.0 | (38.2)% |
| Unused credit facilities as at 31/12 | 198.1 | 203.0 | (2.4)% |

## Key balance sheet figures

| EUR mn as at 31/12 | 2024 | 2023 | Change |
|---|---|---|---|
| Total assets | 4,976.8 | 5,214.6 | (4.6)% |
| Adjusted equity | 1,725.9 | 1,809.1 | (4.6)% |
| Adjusted equity ratio | 34.7% | 34.7% | |
| Net financial debt | 1,532.5 | 1,562.6 | (1.9)% |
| Net financial debt / EBITDA | 3.9 | 5.2 | (24.8)% |
| Net financial debt incl. lease liabilities | 1,656.3 | 1,704.7 | (2.8)% |
| Net debt | 1,732.2 | 1,779.5 | (2.7)% |
| Net gearing | 88.8% | 86.4% | |
| Trading working capital | 578.0 | 551.1 | 4.9% |
| Trading working capital to annualized group revenue | 20.5% | 21.0% | |

## Key stock market figures

| EUR | 2024 | 2023 | Change |
|---|---|---|---|
| Market capitalization in mn as at 31/12 | 1,139.2 | 1,372.9 | (17.0)% |
| Share price as at 31/12 | 29.50 | 35.55 | (17.0)% |
| Dividend per share | 0.00 | 0.00 | n/a |

## Employees

| | 2024 | 2023 | Change |
|---|---|---|---|
| Full-time equivalents (FTE) as at 31/12 | 7,816 | 7,917 | (1.3)% |

The above financial indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group. Additional details are provided in the section "Notes on the financial performance indicators of the Lenzing Group", in the glossary to the Annual Report and in the consolidated financial statements of the Lenzing Group. Rounding differences can occur in the presentation of rounded amounts and percentage rates.

# ACTIVATE

# TRANSFORMATION

Even though our industry has been undergoing a remarkable transformation for some time, we have yet to see significant progress on a global scale. That means this report is more than a review; it is an exhortation and starting point for bringing about positive change in the textile and nonwovens industry – for ecological, social, and economic success.

**LET US TACKLE THE CHALLENGES TOGETHER!**

# HERE!

# OUR IMPACT

## Together we are smart

The hallmark of successful collaboration is that both partners achieve more together than they could have done alone: We are particularly pleased about these successes.

Successes and collaborations

# OUR ACHIEVEMENTS

## Growth with a positive impact

Our highlight projects show that we are successful as a company and at the same time make a positive contribution to society and the environment.

Projects and challenges

# WHERE TO GO

## Doing what must be done

The transition to a sustainable economic system is a Herculean task for the future. There are challenges and resistance ahead that require a spirit of innovation and strong alliances.

Promising markets and opportunities

# CONTENT

"As a leading integrated fiber group, Lenzing will continue to be the driving force in the industry."

**Letter from the CEO**
→ Page 7

**Revenue**

**EUR 2,663.9 mn**

**Management Report 2024**
→ Page 20

# HIGHLIGHTS 2024

Lenzing has developed a unique, innovative concept that combines sustainable glacier protection with circularity for textiles, and was honored with the Sustainable Fashion Awards 2024.

**JANUARY**
- Environmental impacts: first SAC Higg FEM verification including excellent results

**FEBRUARY**
- Lenzing one of only ten companies worldwide awarded triple-A rating by CDP
- Climate targets updated: Lenzing raises the bar in the fight against the climate crisis
- Material innovation for shoes: Lenzing, Recyc Leather, and GANNI join forces

**MARCH**
- Lenzing presents its combined Annual and Sustainability Report for 2023
- Innovative concept combines sustainable glacier protection and circular economy for textiles

**APRIL**
- New on the Managing Board: Walter Bickel appointed Chief Transformation Officer of the Lenzing Group
- Young researchers receive Young Scientist Award
- Social responsibility: Lenzing sets standards in a difficult industry

**MAY**
- Strengthening trademark protection: “Only One TENCEL™ Brand” campaign launched

**JUNE**
- Pulp producer Suzano S/A acquires 15 percent interest in Lenzing AG
- Lenzing receives the Vienna Stock Exchange Sustainability Award again

**JULY**
- Scaling of lyocell filaments: joint research work reforms textile value chain

**AUGUST**
- Highest rating from EcoVadis: Lenzing once again in the top one percent of the most sustainable companies
- Identity of the premium textile brand TENCEL™ modernized

**SEPTEMBER**
- Rohit Aggarwal appointed new Lenzing Group CEO
- Lenzing joint venture LD Celulose successfully issues green bond
- Sustainable glacier protection: Lenzing an award winner at the CNMI Sustainable Fashion Awards 2024
- Together against global plastic pollution: VEOCEL™ brand at the UN’s SEA of Solutions

**OCTOBER**
- Lenzing and TreeToTextile join forces to establish next-generation cellulosic fibers

**NOVEMBER**
- VEOCEL brand™ and leading nonwovens manufacturer Graminton join forces

**DECEMBER**
- Lenzing achieves top position in Canopy’s global “Hot Button Ranking”
- Fiber customers rely on LENZING™ bio-based acetic acid

# LETTER FROM THE CEO

**Dear Ladies and Gentlemen,**

As expected, 2024 was a challenging year for the Lenzing Group. However, thanks to enormous efforts on the part of our team, we achieved a significant recovery in fiber sales despite the weak market situation. At the same time, we can be pleased with a consistently strong performance in pulp. These successes clearly show that we implemented the right measures in time. For this reason, our business performed better in 2024 than in 2023. Nevertheless, the markets remain challenging and uncertain, and fiber prices have not yet fully recovered. As a consequence, we will continue to work hard on the turnaround.

Furthermore, we face a much greater challenge that affects not only Lenzing but the entire industry and society. To preserve our livelihoods and those of future generations, the global textile and nonwovens industry must successfully transition to sustainable production. Although the necessary technologies and capacities are gradually coming to market, only limited progress has been made on a global scale to date. How can it be that in 2024 we are still generating such large amounts of waste and enormous volumes of carbon emissions, and using resources inefficiently and senselessly?

At Lenzing, we have the know-how and experience to produce fibers on a large scale from renewable raw materials, and to recycle them sustainably. To really make a difference, we need to move towards industry-wide collaboration with binding commitments and specific actions. Tackling climate change is a business imperative. This is certainly a challenge, but also an opportunity. Let us join forces to take advantage of it together!

For this reason, this report is not only a review but above all a call to action and an entry point to positive change in the textile and nonwovens industry: ACTIVATE TRANSFORMATION HERE! Join us, get informed, talk to us about your wishes and ideas. The HERE the gateway to our solutions, our products, our service, and our know-how.

As a leading integrated fiber group, Lenzing will continue to be the driving force in the industry.

After the long crisis, Lenzing's results and returns are still not satisfactory. However, the trend shows that we are on the right track and our measures are working. What has been achieved should be an incentive for further, even greater progress. Without a doubt, we face strong headwinds in this process. But you can also sail with headwinds. And the partners who are ahead here will also benefit the most – ecologically, socially, and above all economically.

At this point, I would like to thank our customers and our shareholders for their trust. A big thank you is also due to our partners and last, but not least, to the Lenzing Group's 8,000 employees, who have once again outdone themselves this year.

May the following reading inspire you. Let our innovative projects bring your new ideas into reality and let us rethink structures and processes together to ensure positive change, so that the industry that has brought us such great prosperity also contributes to preserving it. The future is in our hands, and I am confident that together we can meet the challenges. Remember: You are only one click away from positive change: **ACTIVATE TRANSFORMATION HERE!**

Sincerely,

**Rohit Aggarwal**
Chief Executive Officer

# REPORT OF THE SUPERVISORY BOARD

**To the 81st Annual General Meeting**

## Dear shareholders,

Despite the ongoing weakness of the market and the high level of macroeconomic and geopolitical uncertainty, the 2024 financial year proved to be a successful year for Lenzing AG. We achieved significant improvements in our operating earnings and free cash flow. These improvements were especially supported by the consistent implementation and overfulfilment of our comprehensive performance program. I would like to take this opportunity to thank the Managing Board and all employees at Lenzing AG for their tireless efforts, which have made these positive results possible in a persistently difficult market environment.

In addition to the operational business performance, we also successfully implemented a number of important strategic initiatives in the 2024 financial year. For example, in September 2024, we rearranged the financing of the LD Celulose joint venture in Brazil with the issue of a USD 650 million green corporate bond. This bond issue was 4.6 times oversubscribed thanks to high demand from institutional investors, which highlights the successful development of the project and the strong positioning of Lenzing AG in the sustainability area. Furthermore, a partnership in the next-generation cellulosic fibers area was arranged with Swedish company TreeToTextile AB in October 2024. Under this agreement, Lenzing AG is to acquire a minority interest in TreeToTextile and will also cooperate in the future with this company's existing shareholders H&M Group, Inter IKEA Group, Stora Enso, and LSCS Invest.

Looking ahead to the coming financial year, the market recovery is expected to remain slow, and the various uncertainties for a globally active company like Lenzing AG will remain as high as during the past financial year. As a consequence, we as an organization must remain vigilant over the course of the coming year and continue to work consistently on implementing the Group strategy and on improving the long-term competitiveness of Lenzing AG.

The acquisition by Suzano S/A of an interest in the equity of Lenzing AG in the 2024 financial year also led to an important change in the company's ownership structure. Lenzing's existing main shareholder, B&C Group, and Brazilian pulp producer Suzano have signed a long-term partnership under which Suzano has acquired a 15 percent interest in Lenzing AG. This transaction was announced on June 12, 2024, and was completed on August 30, 2024, after all official approvals had been obtained. The Managing and Supervisory boards of Lenzing AG welcome this investment and are pleased with the collaboration with this additional core shareholder and its representatives on the Supervisory Board of Lenzing AG, which has already commenced.

The Supervisory Board fulfilled its supervisory duties, as defined by legislation, the company's articles of association, and the rules of business procedure, in relation to varied activities. The Supervisory Board was involved at an early stage in fundamental decisions, and was available to provide consultative advice to the Managing Board. In turn, the Managing Board submitted regular detailed written reports to the Supervisory Board concerning the financial position and performance of both Lenzing AG and the Lenzing Group. In addition, the Managing Board also reported to the Supervisory Board Chairman outside the context of scheduled meetings concerning business performance, the company's position, as well as major transactions. Individual issues were handled in depth by the committees established by the Supervisory Board, which then reported on their activities to the plenary Supervisory Board.

## Changes on the Supervisory and Managing Boards of Lenzing AG

Several changes occurred to the Supervisory Board over the course of 2024, not least due to changes in the ownership structure. At the 80th Annual General Meeting on April 18, 2024, Dr. Cornelius Baur was elected to the Supervisory Board, and Melody Harris-Jensbach was re-elected to the Supervisory Board. Following the transfer of a 15 percent interest in Lenzing from the B&C Group to Suzano, which was completed on August 30, 2024, Marcelo Feriozzi Bacci, Carlos Aníbal de Almeida Junior, and Dr. Markus Fürst were elected to the Supervisory Board at the Extraordinary General Meeting held on October 10, 2024. Nicole van der Elst Desai, Melody Harris-Jensbach, and Dr. Christian Bruch had previously stepped down from their Supervisory Board positions. We would like to thank the departing Supervisory Board members for their trusting and constructive support and wish them all the best for the future. Finally, on December 6, 2024, a further change occurred on the Supervisory Board, as Marcelo Feriozzi Bacci stepped down from his role as CFO of Suzano, and also stepped down from the Supervisory Board of Lenzing AG.

The Managing Board team was also successfully developed further in 2024. On April 15, 2024, Dr. Walter Bickel was appointed as a member of the Managing Board in order to strengthen the team in his role as Chief Transformation Officer. In this role, Dr. Bickel has since been responsible for the further development and implementation of the holistic performance program, which was successfully launched by the Managing Board in autumn 2023. Furthermore, Rohit Aggarwal assumed the position of CEO of Lenzing AG on September 1, 2024, after Stephan Sielaff, the company's previous CEO, stepped down as of the end of August 2024 by mutual agreement with the Supervisory Board. We would like to take this opportunity to thank Stephan Sielaff once again for his achievements in paving the way for major improvements during a period in which the company faced many challenges, and for the circumspect manner in which he handed over responsibility to his successor Rohit Aggarwal in the summer of 2024.

## Supervisory Board meetings

The Supervisory Board of Lenzing AG held a total of five ordinary and seven extraordinary meetings during the reporting year, at which it was informed by the Managing Board about the course of business and about important business transactions and actions, and at which it supervised the work of the Managing Board and advised the Managing Board on important strategic decisions. Given the lack of market recovery, collaboration with the Managing Board was further intensified. The implementation and further development of the overall performance program was discussed at regular intervals by the full Supervisory Board, and the Value Creation Committee was established for this purpose. The refinancing of the LD Celulose joint venture in Brazil was also closely monitored, with the main responsibility for this transaction being delegated to the Audit Committee. The strategic development of the Group, the sustainability strategy and ESG issues, research and development priorities, digitalization, personnel measures, financing measures, and the budget for the 2025 financial year and its approval were also discussed in detail.

## Committee meetings

The Remuneration Committee established by the Supervisory Board held a total of nine meetings during the reporting year and dealt primarily with performance evaluation and goal setting for the Managing Board members as well as further general remuneration topics relating to the Managing Board.

The Nomination Committee held a total of five meetings during the reporting year. These meetings primarily dealt with personnel development measures and succession planning issues, as well as the appointment of Dr. Walter Bickel as Chief Transformation Officer and the new appointment of Rohit Aggarwal as Chief Executive Officer, as well as the associated allocation of responsibilities on the Managing Board. The committee discussed nominations to the Supervisory Board and submitted corresponding nominations for approval.

The Audit Committee held a total of five meetings during the reporting year. Some of these meetings were also attended by representatives of the auditors who reported on their auditing activities, and coordinated these activities with the Audit Committee. Specific financial accounting issues were also discussed in the presence of the auditor. In addition to reviewing and preparing both the separate and the consolidated financial statements, the committee also addressed the additional tasks pursuant to Section 92 Para. 4a of the Austrian Stock Corporation Act (AktG), focusing particularly on critically examining and monitoring the functioning and effectiveness of the internal control, audit, and risk management systems. The results were subsequently discussed with the plenary Supervisory Board. Moreover, at the request of the plenary Supervisory Board, the Audit Committee played a leading role in the refinancing of the LD Celulose joint venture in Brazil.

The Strategy, Growth and Innovation Committee held a total of two meetings during the reporting year, and dealt with the review of the company's strategic positioning, the monitoring of strategy implementation, and current innovation projects. The ESG Committee held a total of three meetings during reporting year. This committee supports the Managing Board, the plenary Supervisory Board, the Audit Committee, and the Strategy, Growth and Innovation Committee in matters relating to non-financial reporting and strategic ESG issues.

The Transformation / Value Creation Committee, which was established in 2023, was engaged again in 2024 in order to support the overall performance program. This committee held a total of four meetings during the reporting year, and focused especially on monitoring the implementation of the existing program and defining additional performance measures.

Additional information about the composition and working procedures of the Supervisory Board and its remuneration is provided in the Corporate Governance Report and in the Remuneration Report of Lenzing AG.

## Audit of the separate annual financial statements and management report, and of the consolidated financial statements and Group management report

The separate annual financial statements of Lenzing AG together with the related management report, and the consolidated financial statements of the Lenzing Group together with the Group management report, including the non-financial statement in accordance with Section 245a of the Austrian Commercial Code (UGB) as of December 31, 2024, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz. The auditor issued an unqualified audit opinion. The Corporate Governance Report was evaluated by PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz. It was found that the declaration of compliance with the Corporate Governance Code issued by Lenzing AG (in January 2021) corresponds to the actual circumstances. The Supervisory Board's Audit Committee reviewed the separate annual financial statements and the consolidated financial statements, as well as the separate management report, the Group management report, and the Corporate Governance Report. The results of this review were subsequently discussed with the auditor in detail. On the basis of its own review, the Audit Committee concurred with the auditor's audit results. In accordance with its duties, the Audit Committee reported accordingly to the Supervisory Board, and also recommended that the Supervisory Board propose to the Annual General Meeting that KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be appointed as the auditor for the 2025 financial year. After conducting its review, the Supervisory Board formally approved the management report and the Corporate Governance Report, and adopted the separate annual financial statements for 2024 in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act (AktG). Furthermore, the Supervisory Board stated its approval of the consolidated financial statements and Group management report, as well as of the non-financial statement, pursuant to Sections 244 and 245a UGB. The Supervisory Board concurs with the recommendation by the Audit Committee and will consequently submit a proposal to the 81st Annual General Meeting for the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the annual financial statements for the 2025 financial year. Furthermore, the Supervisory Board will propose to the 81st Annual General Meeting that KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be appointed as the auditor of the sustainability report for the 2025 financial year, if statutory provisions require the appointment by the Annual General Meeting of an external auditor of the sustainability report. The Supervisory Board was not informed of any conflicts of interest on the part of Managing Board or Supervisory Board members during the reporting year that would require disclosure to the Annual General Meeting.

The Supervisory Board would like to extend its thanks and acknowledgment to the Managing Board and all employees of Lenzing AG for their outstanding commitment. Thanks to their personal commitment, Lenzing AG overcame the particular challenges posed by the slow market recovery, and continued to implement the Group strategy with undiminished vigor. We also wish to extend our special thanks to Lenzing's customers, shareholders, suppliers, and business partners for their trust and solidarity.

Vienna, March 11, 2025

**Cord Prinzhorn,**
Chairman of the Supervisory Board

CHAPTER

1/4

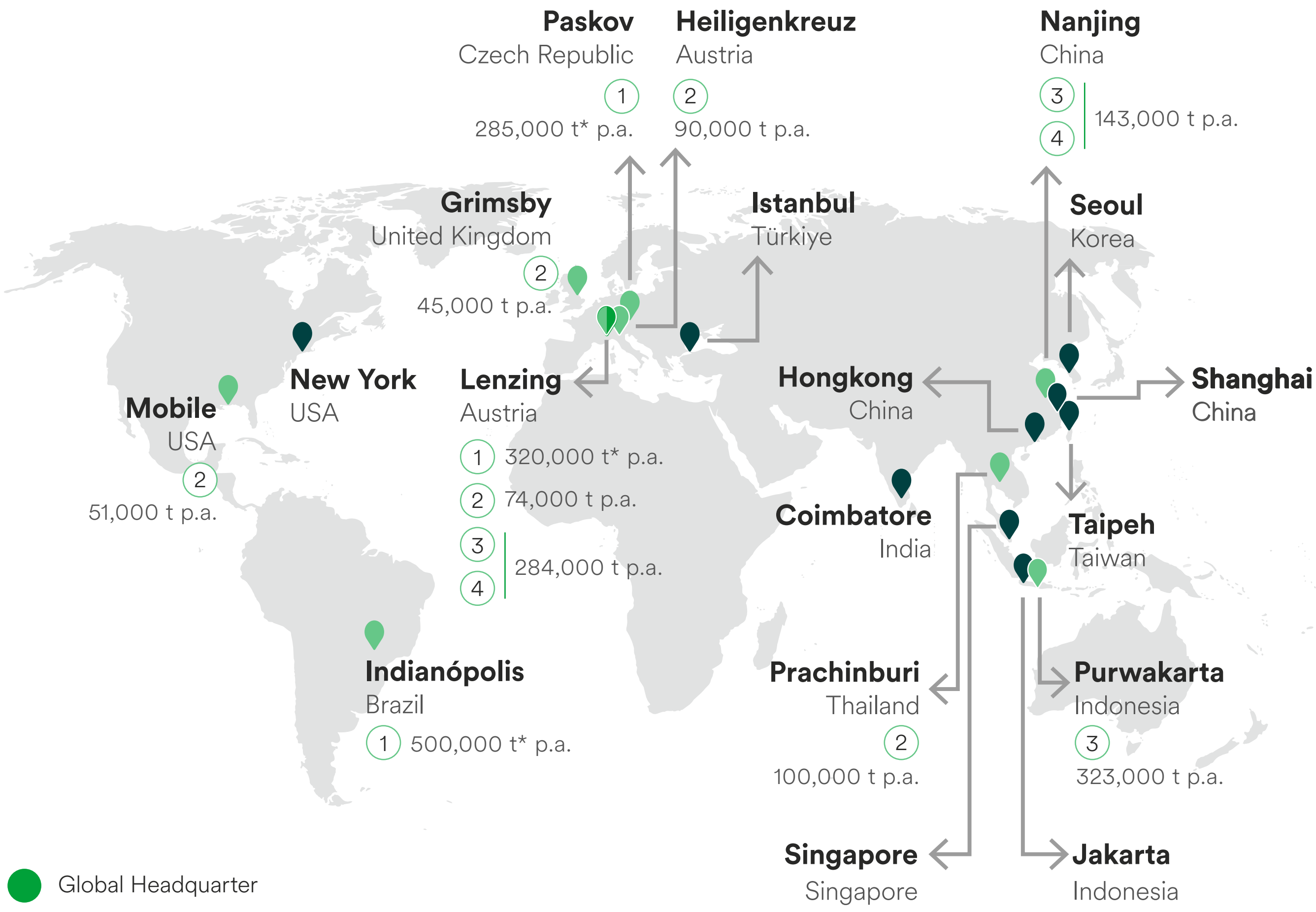
# THE COMPANY

2024

CONTENT

# LENZING GROUP LOCATIONS

Numbers = Nominal capacities as at December 31, 2024




- Global Headquarter
- Sales and marketing office
- Production site
  - 1 Dissolving wood pulp
  - 2 Lyocell fiber
  - 3 Viscose fiber
  - 4 Modal fiber

* Air-dry

# THE LENZING GROUP STRATEGY


The Lenzing Group's orientation, which we have essentially been pursuing since 2015, is focused on sustainable cellulose specialty fibers. This focus on specialty fibers has enabled us to overcome the sometimes difficult market conditions of recent years. Our new "Better Growth" strategy was already defined on this basis in 2022. This strategy focuses on ensuring that we continue to play a leading role in sustainable specialty fibers within a volatile economic environment. As a company, we aim both to be successful in business, and to make a positive contribution to our world. This approach is reflected in our "Better Growth" corporate strategy.

Lenzing anticipates consistent growth in demand for fibers that are produced in an environmentally responsible manner from the textile and clothing industries as well as from the hygiene and medical sectors. Our strategy aims to better serve growing demand for our fibers marketed under the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands.

We have identified four strategic driving factors that set a clear path to the future. These strategic drivers strengthen Lenzing's differentiation and competitiveness and help us achieve better growth and higher profitability in all market segments. In light of market trends in 2023, a review of the strategy led to the focus from 2024 onwards being placed on the drivers of excellence and premiumization.

## Excellence

We are getting a little better every day. Excellence in everything we do not only adds value but also creates the resilience that enables our business to thrive in a volatile market. Our relentless pursuit of excellence extends to all operational, commercial, and global functional units and works to create value across all activities, projects, and products. A vigorous drive for continuous improvement – through greater efficiency, quality, and safety – also gives us the flexibility to face challenging times with confidence.

## Premiumization

We develop premium products and premium services with customer needs at the center, in order to meet market requirements at the highest level. As an industry leader in the production of innovative fibers with low carbon footprint, we will continue to invest in our market share with differentiated premium brands and to work on greater transparency and traceability along the value chain, thereby making Lenzing a sought-after partner.

## Sustainability

We aim for more sustainable systems and processes in everything we do. We will focus our efforts on increasing our recycling capacity and on reducing our carbon footprint where we can have the greatest impact and stand out the most. We will reduce emissions at our production sites by switching to cleaner energy sources and by installing more energy-efficient equipment. We will also link linear supply chains that end in textile waste in order to create a cycle.

## Innovation

We are leading industry change by continuing to bring innovations to the market and by managing innovation as a key value driver. Our long-standing culture of innovation underpins our profitable growth and sustainability agenda by advancing the development of new products, applications, processes, and techniques. These smart solutions are playing a part in the industry's shift towards a more sustainable future for our planet – a future that brings us closer to our corporate mission.

Our four strategic drivers will accelerate our profitable growth and enable us to move with greater certainty towards the targets we have set for 2027. In financial terms, we are aiming for a substantially higher EBITDA margin and an improvement in our return on capital employed. In operational terms, we will continue to significantly reduce greenhouse gas emissions on our path to net zero and further increase our share of sustainable premium fibers.

Further information about the "Better Growth" corporate strategy can be found on the Lenzing website at https://www.lenzing.com/de/lenzing-group/strategy.

# SUSTAINABILITY IN THE LENZING GROUP

**The climate crisis is one of the world's most urgent challenges and requires global solutions. Its impact can be felt worldwide, and affects people, nature, and business. The EU Commission intends to confront this challenge with a "Green Deal" for Europe. This comprises an ambitious package of measures that aim to make Europe the first climate-neutral continent by 2050. As one of the sustainability pioneers in its sector, the Lenzing Group is making a significant contribution to achieving this goal.**

As part of our "Naturally Positive" sustainability strategy, we follow three strategic principles: driving systemic change, the circular economy, and greening the value chain. The focus is on those sustainability areas where Lenzing can exert the greatest impact in creating a more sustainable world.

In order to review which topics are material from the perspective of the Lenzing Group's experts and stakeholders, the materiality analysis was revised in 2024. In a multi-stage process, the following topics were defined as essential together with stakeholders:

- Climate & energy
- Water regime & pollution
- Biodiversity & ecosystems
- Circular economy & resources
- Responsible wood procurement
- Sustainable innovations & products
- Human rights & fair labor practices
- Business ethics
- Transparency

Lenzing has set ambitious, Group-wide sustainability targets for the most important challenges in each of its strategic focus areas. The goals that have been set also relate to the Sustainable Development Goals (SDGs).


You can read more about the goals and implementation measures of the **"Naturally Positive"** sustainability strategy in the non-financial statement of the Annual and Sustainability Report.

# THE LENZING GROUP BRAND WORLD

**With its focus on specialty fibers and with a view to the needs of customers and partners, Lenzing is very well positioned on the textile and nonwoven markets. "Maintaining our sustainable technological leadership, while at the same time emphasizing partnerships and openness towards our stakeholders, plus a stronger focus on the connection between our fibers and the people for whose benefit we develop them." This is the message behind the brands that have been visible on the market since 2018, and which we connected even more strongly with the underlying brand promise – "We look beyond fiber to the life it unlocks" – in the reporting year.**

Lenzing Group fibers are "innovative by nature" in two ways. Wood-based cellulosic fibers are a natural product that Lenzing has used for more than 80 years in innovative solutions for the production of textiles and nonwovens. The benefits of Lenzing's cellulosic fibers are easy to see, touch and feel: soft and smooth, breathable, absorbent, gentle on the skin. All of this is reflected by the slogan "Innovative by Nature". .

## The brands and their promise

The Lenzing Group's brand promise ("We look beyond fiber to the life it unlocks") requires a positioning based on strength and clarity. The historically grown approach to presenting brands, products, and offerings has outlived its time. The focus of the Lenzing brand architecture is on a simple, clear presentation featuring plausible brand promises targeted at customers' immediate needs. The Lenzing Group's brand world tells a uniform, consistent and globally communicated story which, for customers, conveys a visible and perceptible message of the "Better Growth" strategy. The focus on specialization, while at the same time strengthening Lenzing's core competency, requires that the registered trademarks be promoted with conviction, and vouched for worldwide.

The architecture for the product brands is based on a simple system. With TENCEL™ and VEOCEL™, consumers find clearly distinct product brands for the applications of specialty fibers in textiles and nonwovens. The master brand overarches these product brands. Below this top level, the previous product specifications for B2B customers are logically structured by category, such as technology, product type, and process.

Lenzing

Innovative by nature

**A human, personal B2Me brand: Being closer to what life is all about, being well-known and attractive even on the consumer level and emerging stronger with regards to the competition.**

Tencel™ | Lenzing EcoVero™ | Veocel™ Purely for you | LENZING™

## TENCEL™ – the flagship brand for textiles

TENCEL™ is Lenzing's premium textile brand and suitable for a wide range of specialty applications. With the brand refresh in the fourth quarter of 2024, the brand promise was updated to better reflect and address consumer needs. The TENCEL™ brand is committed to connecting the stories of nature and people. This deep respect for the planet drives Lenzing's constant efforts to innovate and inspire. All specialties in the textile segment (such as TENCEL™ Active, Denim, Home, Intimate, Luxe) are marketed under the TENCEL™ brand. TENCEL™ branded lyocell and modal fibers are an award-winning , low-environmental impact  material derived from the responsibly sourced, raw-material wood, delivering both sustainability-related benefits and comfort.

## LENZING™ ECOVERO™ – the brand that takes less and gives more

LENZING™ ECOVERO™ fibers are derived from certified wood sources using a production process that meets high environmental standards. LENZING™ ECOVERO™ fibers contribute to the environment by offering more choices to customers and consumers through our viscose-fiber product solutions. LENZING™ ECOVERO™ Viscose Black fibers enable the production of fabrics that consume less energy and water than fabrics dyed using conventional dyeing methods. LENZING™ ECOVERO™ brings a new circular-economy offering to the market with viscose made by REFIBRA™ technology, which applies at least 20 percent of recycled cotton scraps. The LENZING™ ECOVERO™ fibers with recycled content contribute to a conscious lifestyle with less wastage while bringing more circular fiber choices to support the supply chain.

## VEOCEL™ – the brand for nonwovens

The VEOCEL™ fiber brand is Lenzing's sustainable solution for health and environmentally compatible hygiene products. The applications made of wood-based and biodegradable VEOCEL™ fibers range from baby wipes and diapers to facial sheet masks and surface cleaning cloths. It is a leading and innovative brand that helps both brands and customers to transition to 100 percent cellulosic. Fibers under VEOCEL™ brand are certified as compostable and biodegradable and can thereby fully revert to nature. The brand stands for key characteristics such as ensuring "responsible production", being "gentle on skin", and "clean and safe".

## LENZING™ – the brand for B2B applications

Lenzing fibers are also ideally suited for technical applications such as tea bags, coffee pads, and filter fibers, or as substitutes for synthetic fibers in agriculture. For these B2B applications, which stand for a smarter solution from natural origins, fibers are marketed under the LENZING™ brand. Specialty fibers that offer protection from heat are marketed under the LENZING™ for Protective Wear brand. The LENZING™ FR fibers used for this purpose provide protection from the following heat sources: fire, radiant heat, electric arcs, liquid metals, and flammable liquids.

[2] EU Ecolabel for textile products (license no. AT/016/001)
[3] TENCEL™ lyocell and modal fibers are made with at least 50 percent less carbon emissions and water consumption compared to generic lyocell and modal fibers; results based on LCA standards (ISO 14040/44) and available via Higg MSI (version 3.7)

# THE LENZING PRODUCT PORTFOLIO

**Lenzing fibers are used mainly for clothing, home textiles, and hygiene products. Biological degradability is inherent to Lenzing fibers.[4] This feature closes the cycle, with nature returning to nature. Lenzing fibers combine the biological properties of natural fibers with the processing advantages of mechanically produced fibers.**

## Lenzing lyocell fibers

The Lenzing Group is a leading global producer of lyocell fibers. The origin of all Lenzing fibers is cellulose, a component of the renewable natural raw material wood. Fiber production itself is particularly environmentally compatible thanks to a closed cycle, as more than 99 percent of the solvent used is recovered and recycled, thereby making the Lenzing Group's lyocell fibers the fibers of the future. This closed loop production process was recognized by the European Union with its "European Award for the Environment". Products made of Lenzing lyocell fibers are more absorbent than cotton, softer than silk, and cooler than linen. They are deployed in a wide range of applications that include sportswear, home textiles, and mattresses as well as hygiene articles such as wet wipes and baby wipes. Lenzing lyocell fibers are marketed primarily under the TENCEL™ and VEOCEL™ brands.

## Lenzing viscose fibers

Lenzing has been producing classic viscose fiber for more than 80 years. Lenzing Group viscose fibers are made from the renewable raw material wood. They absorb moisture well and are pleasant to wear. Lenzing viscose fibers are premium products on the global market, and are used in clothing and hygiene articles. Lenzing viscose is a preferred fiber brand for fashion clothing fabrics. In the hygiene sector, where purity and absorbency are ascribed top priority, they are utilized in products such as wipes, tampons and wound dressings.

## Lenzing modal fibers

Since 1965, the Lenzing Group at its headquarters in Lenzing has been producing modal fibers from beech wood sourced from Austria and surrounding countries. Since 2023, Lenzing has been able to offer its Chinese customers locally produced modal fibers for the first time following the successful modernization of its plant in Nanjing. Low fiber rigidity and the cross-section of modal fibers make this product a natural softening agent. The softer the fiber, the finer the resultant textiles. Lenzing modal fibers can be blended with all types of fibers and processed using conventional machinery. Advantages such as mercerizability and uncomplicated processing make modal fibers an all-round genius among cellulosic fibers. These fibers are marketed primarily under the TENCEL™ brand.

[4] LENZING™ fibers that are TÜV certified biodegradable (soil, fresh water & marine) and compostable (home & industrial) include the following products: LENZING™ Viscose Standard textile/nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. An exception in certification exists in relation to the fiber LENZING™ Lyocell Filament, for which the necessary tests to confirm biodegradability within a marine environment have not been conducted.

# INNOVATIONS AND NEW PRODUCTS

**Lenzing sets standards in the area of regenerated cellulosic fibers with its quality and innovative capabilities, and is advancing new developments in this area worldwide (read more about the sustainable innovations of the Lenzing Group in the non-financial statement of the Annual and Sustainability Report of the Lenzing Group).**

## LENZING™ ECOVERO™ fibers with REFIBRA™ technology

Thanks to the successful development and scaling of production, LENZING™ ECOVERO™ fibers with REFIBRA™ technology are now available to customers worldwide. In addition to the environmentally responsible benefits of the LENZING™ ECOVERO™ brand, the new viscose fibers with REFIBRA™ technology contain up to 20 percent pre- and post-consumer textile waste, which is obtained from cellulose-rich materials or polyester-cotton blends. The waste is collected and sorted in collaboration with key sector leaders and innovation pioneers in the post-consumer recycling area.

## New resource-efficient dyeing approach for TENCEL™ lyocell fibers

The Lenzing Group, a leading global producer of wood-based specialty fibers, has introduced a new approach that harnesses yarn pretreatment and a knitting technique to achieve an aesthetic that resembles the washed-out look of conventional dyeing processes in ready-to-wear and knitwear. To counteract the environmental pollution caused by dyeing and finishing in the textile industry, this new approach exhibits a significantly lower environmental impact, and is ideal for pre-treated fabrics and yarns made from TENCEL™ lyocell fibers. It also complements the wet processing and production facilities of fabric mills and thereby offers further advantages to our partners along the value chain.

## New industry-wide innovation that reduces discoloration of cellulose-based garments during thermoplastic molding processes

Lenzing introduced a new processing solution that reduces the yellowing of garments and fabrics made from wood-based cellulosic fibers during high-temperature manufacturing processes. This new solution will initially be introduced for underwear and subsequently also for outerwear and ready-to-wear goods, making Lenzing the first company in the sector to tackle this technical challenge during the molding process. Lenzing is already examining further potential applications, such as welded seams on garments and seamless manufacturing, where hot melt tapes and bonding machines are replacing traditional sewing methods.

## Hydrophobic cellulosic fibers for sustainable nonwovens

Thanks to their innovative ability to pass liquids over their surface, hydrophobic lyocell fibers (LENZING™ Lyocell Dry) offer completely new product solutions for hygiene products that could previously only be achieved by using synthetic fibers. The new Lenzing fiber is not classified as "plastic" under the EU Single-Use Plastics Directive and offers a very soft and environmentally responsible cellulose-based alternative for brands and manufacturers looking to develop plastic-free feminine and personal care products.

## Sustainable protection of glaciers

An innovative and sustainable solution to protect snow and ice is now possible with the help of nonwovens made from LENZING™ branded fibers. The nonwovens used were previously made from fossil-based fibers. The problem here is that microplastics remain after the summer and then flow downstream into valleys where they can enter the food chain via small organisms and animals. The solution is nonwovens made from LENZING™ cellulosic fibers. The covering of a small area with the new material made of LENZING™ fibers was tested for the first time during a field test on the Stubai Glacier. The result was convincing: four meters of ice were saved from melting. This success has led the project to now be expanded. Field trials on all Austrian glaciers used for tourism started as early as 2023. The sustainable concept should continue even after the nonwovens have been used: the geotextiles could be recycled after use and ultimately utilized to produce yarn for textile products.

# LENZING FIBER APPLICATIONS

**Whether in the fashion sector, for outdoor and sportswear, or for highly absorbent hygiene products – there are virtually no limits to the variety of our fibers and their application areas. They are seductively soft when it comes to comfort. We let them shine with color, or enable the creation of a beautiful drape if the texture of silk is to be evoked.**

Tencel™

**"Fibers for all-round well-being"**

EcoVero™

Veocel™
Purely for you

- Lenzing fibers make it possible to create wonderfully washed-out jeans with a vintage look that feel soft, smooth, and supple on the skin. They enable sustainable footwear solutions, from sole to shoelace.
- Many different applications exist for our fibers in sports activities: in quick-drying, breathable, odorless T-shirts, in fleece jackets, in trousers for climbing, running, walking, and yoga as well as in corresponding sports shoes.
- In the bathroom, our fibers can be found in both hand and bath towels. These are soft and, at the same time, absorbent and easy-care. Hygienic and wet wipes for skin cleansing as well as baby diapers and tampons also contain Lenzing fibers.
- The many different household applications include wipes made of Lenzing fibers, and nets made of sustainable, biodegradable Lenzing fibers for fruits and vegetables.
- In addition to the fibers themselves, acetic acid and soda as byproducts of fiber production are also found in food retailing and, as a consequence, in the consumer area.
- Applications for Lenzing fibers in the medical sector include hygiene and wound care. The fibers also form an essential component in protective clothing guarding against heat and fire.
- When people go to bed at night, they can relax in pajamas and on mattresses made with Lenzing fibers. They also cover up with bed linens containing Lenzing products.
- Lenzing fibers are found in many areas of life. In the future, Lenzing will continue to make great efforts to inform consumers that they can also make a personal contribution to environmental protection and a more sustainable world through their daily shopping decisions.

CHAPTER

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# MANAGEMENT REPORT

2024

CONTENT

# General Market Environment

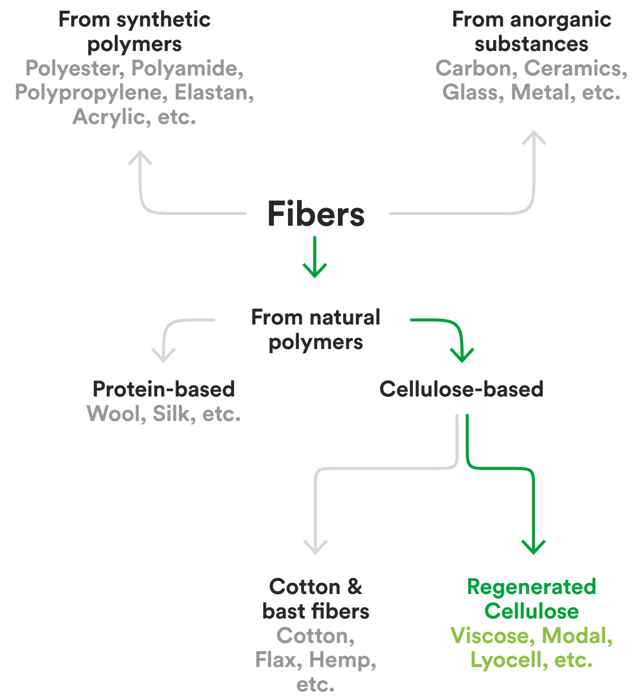
## Global economy[1]

The global economy expanded at a rate of 3.2 percent in 2024, according to the International Monetary Fund (IMF). Economic momentum thereby continues to stand below the level of the pre-Covid period, when the average for the years 2000 to 2019 amounted to 3.7 percent. The US economy performed well with growth of 2.8 percent, mainly thanks to strong domestic demand. In some European countries, by contrast, recession continued, with growth in the overall Eurozone amounting to 0.8 percent. The continued high level of energy prices due to the Russian war of aggression against Ukraine, the tightening of monetary policy in previous years, and persistently high levels of inflation exerted a dampening effect. Although consumer confidence recovered slightly compared to the previous year, it remained at a low level in absolute terms. At 4.8 percent, Chinese economic growth also fell short of both expectations and the government's target. While export demand recovered, growth was slowed by weak domestic consumption and the ongoing crisis in the real estate market. The IMF forecasts growth of 3.3 percent for 2025.

Although demand along the value chain in the textile and apparel industry improved slightly year-on-year, this was at least partly due to accelerated purchasing effects in anticipation of higher trade barriers, particularly towards the year-end. Prices remained under pressure. Satisfaction with the business situation rose over the course of 2024, according to a global survey conducted by the International Textile Manufacturers Federation (ITMF).[2] Most market participants, however, continue to view the situation negatively.

As in previous years, retail sales of hygiene products in the nonwovens industry proved to be crisis-resistant. Sales volumes of major brands were stable to slightly lower, while demand for lower-priced brands was stronger.

**Fibers on the world market**




## Global fiber market[3]

### Continued stable growth in global fiber production

Global retail apparel sales in 2024 (after adjusting for price effects) reported hardly any year-on-year change, according to preliminary estimates. While demand stagnated in China and even decreased in Europe, it proved to be more stable than expected in the USA.

Following a reduction in stock levels in the clothing retail sector over the course of the previous year, stocks were built up again in 2024, which was at least partly due to orders being brought forward in light of the threat of US import tariffs. Meanwhile, stock levels in the upstream production stages barely rose.

Demand for home textiles in 2024 continued to be negatively impacted by reduced levels of construction activities due to high interest rates and investments brought forward during the Covid pandemic.

Global fiber production rose by slightly more than 3 percent to 126 mn tonnes in 2024, according to initial estimates. This growth is in line with the long-term average.

The cotton harvest decreased by around 1 percent to 24.1 mn tonnes during the past 2023/2024 season. Cultivated areas were down for the second consecutive year, by just under 2 percent, while the global average yield per hectare rose slightly. Higher production levels in Brazil and Pakistan almost completely offset reduced harvest levels in China, India, and the USA. Brazil replaced the USA as the most important exporter for the first time. Demand for cotton recovered by just under 6 percent to reach a level of 25 mn tonnes. As a consequence, stocks reduced by 5 percent to 18.5 mn tonnes. The production of other natural fibers such as wool, linen, hemp, and silk also decreased by 4 percent year-on-year.

The production of regenerated cellulosic fibers such as lyocell, modal, and viscose fibers rose by 8 percent to 8.4 mn tonnes, ac-

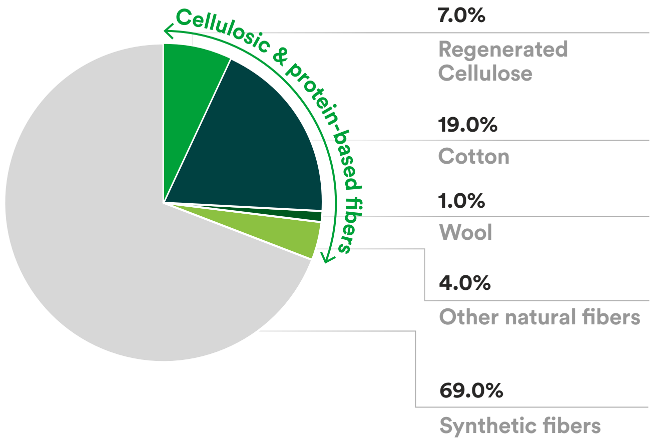
[1] Source: IMF, World Economic Outlook, January 2025
[2] Source: ITMF, 30th Global Textile Industry Survey, January 2025

[3] All production figures in this section have been updated compared to the initial estimates published in the 2023 Annual Report.
Sources: The Fiber Year, ICAC, Cotton Outlook, CCFG, FAO

cording to initial estimates. This growth mainly reflected higher capacity utilization at viscose plants followed by a global increase in lyocell fiber production.

Production volumes of synthetic polymer fibers amounted to around 87.5 mn tonnes, up 5 percent year-on-year, according to initial estimates.

**Global fiber production 2024**[1]
**by type of fiber in percent (basis = 126 mn tons)**




## Variation in staple fiber prices

Price trends on staple fiber markets proved to be mixed in 2024. While cotton and polyester prices decreased, viscose prices rose slightly.

However, cotton prices proved to be very volatile. While the Cotlook A index started the year at 91 US cents per pound and rose to as high as 107 US cents per pound in February, it was down 14 percent over the course of the year to 79 US cents per pound following a slight recovery in the fall. This index last fell to below the 80 US cents per pound level in December 2020.

The price of polyester staple fiber in China also decreased over the course of the year. Although it reached a high of RMB 7,940 per tonne in July due to higher costs for crude oil and the intermediate products required for fiber production, it then fell to RMB 6,980 per tonne by the end of the year. Over the year as a whole, this represents a reduction of 5 percent.

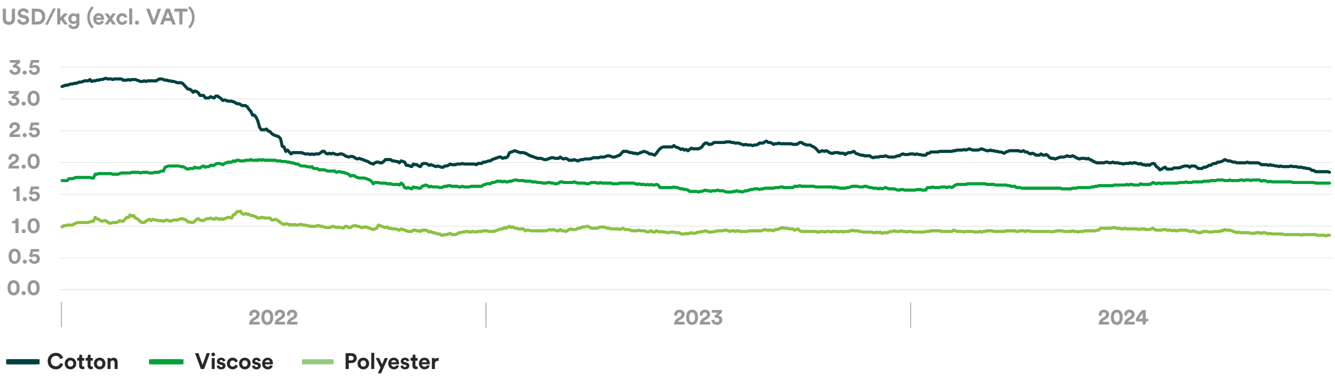
Viscose prices in China rose by 9 percent over the course of the year to RMB 13,750 per tonne. However, the average year-on-year increase in 2024 was moderate at just 3 percent. The 2024 year was characterized by high capacity utilization in Chinese viscose plants of in excess of 85 percent and low average annual stock levels of around ten days – both levels were last reached in 2017 and indicate an increasing level of equilibrium between supply and demand. However, the economic situation for manufacturers that lack backward integration remained challenging.

The price premium for differentiated specialty fibers from the TENCEL™, LENZING™ ECOVERO™, and VEOCEL™ brands proved to be comparatively resilient.

With the exception of minimal corrections, the Chinese import price for dissolving wood pulp, the key raw material for regenerated cellulosic fiber production, rose continuously over the course of 2024 and, at USD 970 per tonne at the end of December, stood 10 percent higher than at the start of the year. The average price for the year also rose by 7 percent. This is all the more remarkable given that the Chinese price for hardwood pulp decreased by more than USD 150 per tonne in August and continued to fall until the year-end.

As in the previous year, dissolving wood pulp decoupled from this trend, as limited supply encountered high demand from fiber manufacturers. The price premium for dissolving wood pulp reached an unusually high level of USD 425 per tonne at the end of the year.

**Staple fiber prices – Development in China**[2]




[1] Sources: ICAC, TFY, Lenzing estimates

[2] Sources: CCFG, CCA

# The Development of Business in the Lenzing Group

The Lenzing Group's business performance improved steadily over the course of 2024, although the recovery of the markets relevant to Lenzing proved to be slow, as anticipated. On the volume side, a clear uptrend was evident. Although prices recorded a positive trend during the reporting year, they continue to stand below the previous year's level. This, coupled with the continued rise in raw material and energy costs and a tangible increase in logistics costs, exerted a dampening effect on both the Lenzing Group's business performance and the overall sector in 2024.

The earnings development of the Lenzing Group was also characterized by one-off effects, which had a negative impact on the net result after tax. Nevertheless, Lenzing continued its recovery course thanks to the decisive measures taken in response to the past years of crisis.[1]

The Lenzing Group Managing Board is currently implementing a comprehensive performance program with the overriding objective of achieving significantly enhanced long-term resilience to crises and greater agility in the face of market changes. The program initiatives are aimed primarily at an improvement in EBITDA and free cash flow generation through higher profitability and sustainable cost excellence. Extensive actions are being undertaken to strengthen sales activities, such as the acquisition of new customers for the most important fiber types and expansion in previously smaller markets, which are having a positive impact in terms of revenue. In addition, the Managing Board anticipates significant cost savings, of which over EUR 130 mn were already realized in 2024. As a consequence, the performance program is delivering significantly above planned levels. Very good progress was achieved in terms of product costs and quality thanks to smart efficiency enhancement measures. Successes were also achieved in the purchasing area thanks to operational and strategic measures. Looking ahead, including beyond 2024, this holistic performance program is expected to continue to lead to improvements in production costs, and further cost potentials will be leveraged, particularly in the area of overhead functions. In parallel, the structural and process improvements that have been initiated will lead to positive effects in terms of revenue and margin generation.

Revenue grew by 5.7 percent year-on-year to EUR 2.66 bn in 2024, mainly reflecting a higher level of revenue generated from fibers (+10 percent).

The positive effects of the performance program were the main factor driving the operating earnings trend. Earnings before interest, tax, depreciation and amortization (EBITDA) rose by 30.4 percent year-on-year to EUR 395.4 mn in 2024. The EBITDA margin increased from 12.0 percent to 14.8 percent.

The operating result (EBIT) amounted to EUR 88.5 mn (compared with minus EUR 476.4 mn in 2023) and the EBIT margin stood at 3.3 percent (compared with minus 18.9 percent in 2023). The result before tax (EBT) amounted to minus EUR 42.0 mn (compared with minus EUR 585.6 mn in 2023).

The income tax expense amounted to EUR 96.3 mn in 2024 (compared with EUR 7.3 mn in 2023). Among other factors, this reflected the retroactive withdrawal from the Austrian tax group as a consequence of the interest of B&C Holding Österreich GmbH (group parent) falling below 50 percent for 2022. As a consequence, the Lenzing Group was required to pay a tax allocation of EUR 22.2 mn to the group parent in accordance with the group tax allocation agreement. This tax allocation was expensed in the reporting year. Details about the financial effects of the withdrawal from the tax group with B&C Holding Österreich GmbH are presented in note 29 and note 38 to the consolidated financial statements ("Relationship with related companies" section). In addition, the income tax expense was influenced by the value adjustment of tax assets of individual Group companies and by currency effects due to the translation of tax items from the local currency into the functional currency[2] in a volume of EUR 47.5 million. Moreover, foreign withholding taxes amounting to EUR 5.6 mn were incurred. The remaining effects derive from positive tax results of individual Lenzing companies and related current and deferred tax items.

Cash flow from operating activities improved significantly to EUR 322.5 mn in 2024 (compared with EUR 160.3 mn in 2023); this was supported by measures to reduce working capital. Cash flow from investing activities amounted to minus EUR 185 mn (compared with minus EUR 291.5 mn in 2023). Free cash flow showed a clearly positive trend with an increase to EUR 167 mn (compared with minus EUR 122.8 mn in 2023). Cash flow from financing activities amounted to minus EUR 430 mn in 2024 (compared with EUR 421.1 mn in 2023).

Liquid assets (including liquid bills) decreased by 38.2 percent compared to December 31, 2023, to a level of EUR 451.7 mn as of December 31, 2024, mainly due to the repayment of private placements and other financial liabilities.

Capital expenditures for intangible assets, property, plant and equipment, and biological assets (CAPEX) amounted to EUR 156.3 mn in 2024 (compared with EUR 283.6 mn in 2023) including due to the reduction in the level of investment activities.

Total assets decreased by 4.6 percent compared with December 31, 2023, to EUR 4.98 bn as of December 31, 2024. Adjusted equity was also down by 4.6 percent to EUR 1.73 bn. The adjusted equity ratio remained unchanged at 34.7 percent as of December 31, 2024. Net financial debt reduced by 1.9 percent to EUR 1.53 bn as of the reporting date. Net gearing increased to 88.8 percent (compared with 86.4 percent as of December 31, 2023). Trading working capital rose by 4.9 percent to EUR 578 mn.

[1] The key figures in this section are explained in more detail in the financial glossary of the Annual and Sustainability Report 2024.

[2] Predominant currency of the primary economic environment of a subsidiary

The details of the revenue and earnings trends in the year under review are as follows:

**Condensed consolidated income statement[1]** **EUR mn**

| | | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | Absolute | Relative |
| **Revenue** | **2,663.9** | **2,521.2** | **142.7** | **5.7%** |
| Cost of sales | (2,155.8) | (2,597.6) | 441.8 | 17.0% |
| **Gross profit** | **508.1** | **(76.5)** | **584.5** | **n/a** |
| Other operating income | 61.8 | 108.7 | (46.9) | (43.1)% |
| Selling expenses | (300.5) | (274.9) | (25.6) | (9.3)% |
| Administrative expenses | (146.7) | (144.7) | (2.0) | (1.4)% |
| Research and development expenses | (29.2) | (69.1) | 39.9 | 57.8% |
| Other operating expenses | (4.9) | (20.0) | 15.0 | 75.2% |
| **EBIT** | **88.5** | **(476.4)** | **564.9** | **n/a** |
| Financial result | (130.5) | (109.2) | (21.3) | (19.5)% |
| **EBT** | **(42.0)** | **(585.6)** | **543.6** | **92.8%** |
| Income tax expense | (96.3) | (7.3) | (89.0) | <(100)% |
| **Net profit/loss after tax** | **(138.3)** | **(593.0)** | **454.7** | **76.7%** |

1) The complete consolidated income statement is presented in the consolidated financial statements.

# The Development of Business in the Divisions

The management of the Lenzing Group's business is divided into the two divisions "Fiber" and "Pulp".

In 2024, the "Better Growth" corporate strategy was advanced. The strategy is aimed at better serving long-term demand growth for high-quality and sustainably manufactured specialty fibers of the TENCEL™, LENZING™ ECOVERO™, and VEOCEL™ brands, among other objectives. Following the implementation of the large-scale projects in Brazil and Thailand as well as the modernization of capacities in China and Indonesia, Lenzing will pursue a profitable growth path, sharpen its focus on premium fibers for textiles and nonwovens and, at the same time, further accelerate the transition to a circular economy model.

Lenzing also updated its climate targets in 2024 in order to align its commitment to climate change mitigation with the goals of the Paris Agreement on climate, which aims to limit the global increase in temperatures to 1.5 degrees Celsius. The Science Based Targets initiative (SBTi), the leading organization in the area of climate-related target setting, reviewed and confirmed the target increase. Lenzing is the only producer of regenerated cellulosic fibers with a scientifically confirmed net zero target (see also the chapter "E1 Climate change" in the non-financial statement of the Annual and Sustainability Report).

Lenzing has once again been recognized by the industry's most important rating providers for its performance and leadership in environmental and social sustainability. CDP again placed Lenzing on the prestigious A-list in the "Climate Change" category in 2024, the fourth time in a row. In the "Forests" and "Water Security" categories, Lenzing achieved very good "A-" and "B" ratings respectively. In the EcoVadis CSR rating, Lenzing achieved platinum status, the highest rating, for the fourth consecutive time, placing it among the top one percent of companies rated worldwide. MSCI rated Lenzing with an "A", and the company achieved first place in the global "Hot Button Ranking" of the non-profit organization Canopy, which evaluates the performance of global producers of regenerated cellulosic fibers in the areas of sustainable sourcing, transparency, and innovation. More information about ratings and awards relating to environmental and social sustainability can be found in the non-financial statement in the Annual and Sustainability Report.

Lenzing also announced personnel changes on its Managing Board in 2024. As of September 1, Rohit Aggarwal assumed the position of Managing Board Chairman (CEO) from Stephan Sielaff, who left Lenzing AG by mutual agreement with the Supervisory Board at the end of August. Walter Bickel was appointed Chief Transformation Officer and member of the Managing Board of Lenzing AG until December 31, 2025, with effect as of April 15.

## Fiber Division

The Fiber Division comprises, in particular, the Lenzing Group's business activities with its regenerated cellulosic fibers for textiles and nonwovens.

Lenzing stands worldwide for the ecologically responsible production of specialty fibers under the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands.

The "Glacial Threads: From Forests to Future Textiles" project combines sustainable glacier protection and textile recycling, and serves as an exemplar of Lenzing's collaborative innovative capabilities in 2024. Geotextiles made from biodegradable LENZING™ fibers[1] make a significant contribution to protecting glaciers, which are highly endangered by global warming, without polluting the environment with microplastics. Together with a network of innovative partners, Lenzing is currently working on processing used geotextiles into new textile fibers. The recycling of nonwovens for geotextiles was successfully tested in an initial pilot phase. This pilot project was showcased as part of the International Day of Forests celebrations at the Palace of Nations, the home of the United Nations Office in Geneva, and also received the "Biodiversity and Water Award" at the CNMI Sustainable Fashion Awards 2024 in Milan in September.

With the positioning of its product brands, the Lenzing Group has been sending a strong message to consumers since 2018. With TENCEL™ and LENZING™ ECOVERO™ as overarching brands for all specialty products in the textile segment, VEOCEL™ as the overarching brand for all specialty nonwoven products, and LENZING™ for all industrial applications, the company successfully showcases its strengths. Lenzing also enhanced its brands' visibility in 2024 through targeted communication and marketing activities. Sustainability combined with transparency and traceability, innovation and strong brands represent Lenzing's key differentiators.

The Fiber Division's revenue reached a level of EUR 2.03 bn in 2024, 65.4 percent of which was attributable to textile fibers and 34.6 percent to nonwoven fibers. Fiber sales volumes grew to approximately 960,000 tonnes (compared with approximately 840,000 tonnes in 2023). The share of specialty fibers in fiber revenue increased to 92.6 percent (compared with 78.9 percent in 2023). The division's earnings (EBITDA) amounted to EUR 32.8 mn, while the operating result (EBIT) amounted to minus EUR 68.7 mn.

[1] LENZING™ fibers certified by TÜV as biodegradable (soil, freshwater & marine) and compostable (household & industrial) include the following products: LENZING™ Viscose Standard Textiles/Nonwovens, LENZING™ Lyocell Standard Textiles/Nonwovens, LENZING™ Modal Standard Textiles, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry, and LENZING™ Nonwoven Technology. An exception in certification applies for the LENZING™ Lyocell Filament fiber, for which the necessary tests for confirming biodegradability in a marine environment have not yet been conducted.

## Textile fibers

The market environment in the textile segment was again characterized by uncertainty and subdued demand in 2024. As a consequence, orders along the textile value chain continued to be placed at very short notice.

Despite generally subdued consumer sentiment, Lenzing encountered solid demand for its specialty fibers under the LENZING™ ECOVERO™, TENCEL™ Modal, TENCEL™ Lyocell, and TENCEL™ Luxe brands. As a consequence, sales volumes for most specialty fibers posted growth compared to 2023. Lenzing's quality, the sustainable benefits of its fibers, and its innovative capabilities proved to be especially strong selling points. The company was also successful in further consolidating its ingredient branding strategy and in establishing the TENCEL™ and LENZING™ ECOVERO™ brands in light of their sustainability and comfort claims.

China, Turkey, India, Pakistan, and Bangladesh continued to be the most important direct sales markets for Lenzing fibers in 2024.

In addition to the development of radically new technologies, Lenzing is continuously working on developing new application areas for existing fibers. In 2024, for example, a special denim collection with matte TENCEL™ brand lyocell fibers was developed together with Chinese partner Advance Denim. These fibers make it possible to develop fabrics made of lyocell fibers with a particularly matte appearance. Especially in the denim segment, this characteristic has encountered great interest from customers and partners, and enables the development of new application areas and sub-segments.

Thanks to its particularly innovative and sustainable character, the lyocell filament business also enjoyed a successful year. A further record in terms of sales volumes was set in 2024, and interest from brands, retailers, and fabric manufacturers continued to expand. Lenzing also demonstrated the high-quality applicability of TENCEL™ Luxe brand filaments in a unique collaboration with designer Peet Dullaert.

Lenzing enhanced the visibility and awareness of its TENCEL™ and LENZING™ ECOVERO™ brands with a series of global campaigns and initiatives that generated more than 15.5 bn impressions in online media and 59.3 mn interactions, including video views, on social media. The success of the TENCEL™ and LENZING™ ECOVERO™ brands in the 2024 financial year is also reflected in the collaboration with around 380 brand partners worldwide, including international and up-and-coming brands such as Armedangels, GANNI, Guess, Carhartt, Joao Maraschin, Marc O'Polo, VOGUE Collection, Camper, Calzedonia, Candiani, Yamamay, Impetus, COS, Next, Mother of Pearl, Stripe & Stare, Reformation, CASA, Sense of Place, Aimer, Eifini, DVF (Diane von Furstenberg), Peacebird, and LUOLAI.

The TENCEL™ brand also presented a new, modern brand identity in 2024. With its new brand manifesto "Nature. Future. Us.", this brand emphasizes its commitment to promoting partnerships along the value chain and to driving positive change in the textile industry.

## Nonwoven fibers

Nonwoven fibers are a strategic business segment for Lenzing which has grown over the course of the years. In addition to the functional benefits of Lenzing's fibers, this growth has been driven by the global battle against plastic pollution, including ongoing UN Plastics Treaty negotiations, the EU Single-Use Plastic Directive, and the upcoming UK ban on plastics in wipes. To raise awareness about plastic pollution and about fiber solutions to reduce reliance on synthetic materials, Lenzing participated in the 2024 UNEP Sea of Solutions Conference.

In 2024, the focus was on expanding the fiber portfolio to include several specialty fibers. It has been a very successful year in which several innovations were developed and launched on the market. Paramount to these developments has been reduced time to market thanks to a strengthening of the innovation process.

Following the very positive market response to VEOCEL™ Lyocell fibers with Dry Technology in 2023, the Lyocell Dry family was expanded last year. This product family contributes to material conversion from plastic to wood-based cellulosic fibers in applications such as absorbent hygiene products (AHP) and wipes. The Lyocell Dry family enables customers to use hydrophobic fibers to meet fluid management requirements, and its product range features further characteristics such as softness and strength in their products.

A further highlight was the development of a new fiber finish for our nonwoven lyocell fibers, made without the use of palm oil, palm kernel or derivatives of palm oil as a component, thereby further enhancing their environmental credentials, such as fiber quality and performance.

Fibers from the Lyocell Shortcut product range with improved fibrillation were also presented at the Filtech trade fair in order to tap further sales potentials in the growing global filter market.

In the reporting year, Lenzing has also intensified its cooperation with key customers and downstream partners by developing joint innovation roadmaps covering products that are to be second and third generation products by 2030 and beyond. Furthermore, a comprehensive "Voice of the customer" project has been rolled out to better understand the needs and future aspirations of the market, and contribute to the success and performance of customers and value chain partners.

Lenzing not only strengthened existing business relationships in the reporting year, but also successfully focused on acquiring new partners. The company currently has 23 co-branding partners in Europe and North America, including two new additions. Longstanding partners such as Coterie in the US and Bode Chemie in Europe launched new VEOCEL™ branded products, thereby enriching their portfolios. Lenzing also entered into a partnership with Carefree sanitary pads in the USA, integrating VEOCEL™ lyocell fibers with Dry Technology into their top sheets. To promote this collaboration, Lenzing invested in live broadcasts on US television channels that are popular with its target consumers, which was supported by a social media influencer campaign. These efforts significantly boosted the brand's visibility in the market.

In Asia, Lenzing engaged in several strategic partnerships, such as with Graminton to develop two co-branded products and accompanying campaigns, and with NBond to launch a new co-branded product in the moist toilet tissue sector. Lenzing also joined forces with Kindoh and well-known media Allure for Green Products

Awards, as well as with LIFE Bioral and Akachan Honpo Water 99, to promote SDGs and sustainability as an important topic in the region.

One of the highlights of the reporting year was the VEOCEL™ Customer Event, where partners from the value chain were welcomed to the Lenzing site in Austria for a two-day experience.

Consumer education remained a further priority in 2024. Lenzing highlighted the benefits of choosing regenerated cellulosic fibers over synthetic materials. In a campaign, aired across social media and aimed at empowering consumers, Lenzing emphasized the importance of making informed purchasing decisions to support a healthier planet and a sustainable future.

### Co-products of fiber production

At all locations where the Lenzing Group produces viscose or modal fibers, manufactured co-products include LENZING™ Sodium Sulphate. This is used in the detergent and glass industries and for the production of food and animal feed. In the 2024 reporting year, sales volumes increased mainly due to the exploration of opportunities outside the EU markets.

## Pulp Division

The Pulp Division comprises all Lenzing Group business activities from wood procurement through to the production and sale of dissolving wood pulp and biorefinery products. In the reporting year, the new pulp mill in Indianópolis (Brazil) produced at levels well above its nameplate capacity of approx. 500,000 tonnes per year, while at the same time delivering excellent quality. Surplus electricity is fed into the public grid as renewable energy. These new production volumes contribute significantly to strengthening Lenzing's self-sufficiency in dissolving wood pulp and support premiumization in line with the corporate strategy.

In September 2024, Lenzing announced a USD 650 mn green bond issue by joint venture LD Celulose (issuer LD Celulose International GmbH). This bond encountered great demand from institutional investors. LD Celulose's new financing structure, which comprises a total volume of USD 1 billion, also includes a USD 350 million syndicated loan. LD Celulose used the net proceeds from both the issue and the loan disbursement, plus available cash, to repay its existing project financing and convert it into independent corporate financing. Lenzing holds a 51 percent interest in the joint venture, which was established for the construction of the plant.

To provide the biomass, LD Celulose secured over 44,000 hectares of FSC® certified commercial forest, and leased additional land, in order to have approximately 70,000 hectares of FSC® certified forest area when completed.[1] These plantations operate in full accordance with Lenzing's guidelines and high standards for wood and pulp sourcing.

In line with its "Better Growth" strategy, Lenzing is also continuing its recycling activities. Lenzing has been proactively developing and promoting innovations in the area for years in order to provide economically viable and scalable solutions to the global textile waste problem. Since 2021, Lenzing has been working with Swedish pulp producer Södra to jointly develop new processes for recycling used textiles on an industrial scale. Sluggish conditions on the textile market slowed growth in the sector, as the cost structure does not yet allow for higher volumes.

The Pulp Division's (internal and external) revenue reached a level of EUR 1.17 bn in 2024. Divisional earnings (EBITDA) amounted to EUR 436.3 mn, and operating earnings (EBIT) stood at EUR 243.7 mn.

### Wood

Wood markets stabilized further in 2024 due to lower industrial demand for wood as well as lower energy prices and the associated lower consumption of biomass. Wood prices fell accordingly, although in line with expectations.

The Lenzing Group's procurement strategy entailing long-term master agreements achieved a good stabilizing effect on volumes and prices. As a consequence, Lenzing was able to supply its pulp sites in Lenzing (Austria) and Paskov (Czech Republic) with sufficient wood during the reporting year.

In 2024, audits in accordance with the Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification (PEFC) forest certification systems confirmed again for both sites that, in addition to stringent forestry laws in the supplier countries, all wood used derives from PEFC and FSC® certified or controlled sources.[2]

### Pulp

To supply the fiber production sites with high-quality dissolving wood pulp, Lenzing Group operates its own pulp mills at its sites in Lenzing (Austria), Paskov (Czech Republic), and Indianópolis (Brazil). This increased the level of self-sufficiency to significantly more than 75 percent targeted by the corporate strategy. Lenzing also established itself as a structural supplier in the global pulp market. Most of the dissolving wood pulp sourced externally is purchased on the basis of long-term contracts. A total of approximately 1,176,000 tonnes of dissolving wood pulp was produced at Lenzing's pulp plants in 2024.

### Biorefinery products

In addition to dissolving wood pulp, the Lenzing Group's biorefineries also produce and market biorefinery products so that further components of the valuable raw material wood are utilized. Renowned customers from the food, animal feed, pharmaceutical and chemical industries rely on biobased products from Lenzing.

In 2024, Lenzing and C.P.L. Prodotti Chimici signed their first licensing agreement for LENZING™ Bio-based Acetic Acid, which marks a further step towards a more sustainable and resource-efficient industry. A lifecycle analysis performed by the research institute Quantis confirmed that the carbon footprint of LENZING™ Bio-based Acetic Acid is more than 85 percent smaller than that of comparable products based on fossil resources.

[1] FSC license code: FSC-C175509, FSC-C165948

[2] License code: FSC-C041246 and PEFC/06-33-92

# Divisional supplies of energy and other raw materials

In the Fiber and Pulp divisions, energy and other raw materials are significant factors influencing the Lenzing Group's financial position and performance.

## Energy

With its biorefinery concept at its Lenzing, Paskov, and Indianópolis sites, Lenzing is one of the pioneers of fiber and pulp production that is as self-sufficient in energy as possible, and is continuously working to enhance energy efficiency at all its production sites.

Energy reserves at the Lenzing Group's European sites remain very well filled in light of the geopolitical situation and associated uncertainties.

Energy prices in Europe continued to fall in 2024, thereby continuing their normalization, although a renewed rise occurred towards the end of the year. Continued low levels of gas consumption in Europe and the associated low level of imports led to a 15 percent reduction in gas prices. The price of electricity even decreased by as much as 20 percent thanks to the high level of production of renewable energies. The price of coal was down by 10 percent and the oil price decreased by 3 percent. The carbon dioxide price reduced by 22 percent.

The Lenzing Group partially restructured its energy price hedging in 2023 in the wake of the supply crisis and thereby reduced its exposure to the risk of price changes. Natural gas and electricity are now procured in accordance with a defined purchasing strategy, under which part of the energy required is procured via fixed supply contracts with fixed prices on the forward market. For this reason, spot market trends exert only a weakened impact on the company's energy costs.

In November 2023, Lenzing signed a supply contract with Austrian electricity producer WLK energy for the purchase of around 13 MW of wind power. The plant was constructed in 2024 and has been supplying green electricity for the Lenzing site since 2025. In addition, Lenzing is planning (subject to official approval) to expand its PV capacities for the site, thereby not only underscoring its commitment to the energy transition, but also realizing a long-term investment in diversified electricity supplies that offer stable prices. At present, the site procures electricity from PV systems with a total output of 7 MWp.

In 2024, an environmental impact assessment was successfully conducted for the construction and operation of a new fluidized bed boiler system at the Lenzing site. This project aims to replace the old system, minimize the use of traditional fossil fuels, and improve air quality. Construction is scheduled to begin in mid-2025.

The energy plants at the Lenzing site were mainly in normal operation during the reporting period. A number of energy efficiency measures were implemented in the reporting year, which not only lead to considerable savings, but also make an important contribution to climate change mitigation, resource conservation, and competitiveness.

The power plants in Paskov also operated normally during the reporting period. Surplus energy was fed into the public power grid.

Natural gas prices at the site in Mobile, USA, changed only slightly compared to the previous year. The electricity price posted a slight increase.

The plants in Purwakarta, Indonesia, were operated with a high level of availability and were further optimized. No significant change occurred to the coal price compared to the previous year. Lenzing has been sourcing green electricity from renewable sources at its Indonesian site since the third quarter of the previous year. The electricity price decreased further year-on-year.

Steam and electricity prices at the site in Nanjing, China, continued to fall compared to the previous year. With the commissioning of two gas turbines, a further milestone was reached in the reporting year in the conversion of energy supplies from coal to natural gas with the aim of reducing carbon emissions.

Steam and electricity prices for the lyocell plant in Prachinburi, Thailand, were down year-on-year.

### Other raw materials

The chemicals markets relevant to Lenzing recorded moderate price increases in 2024 compared to the end of 2023, partly due to the continued rise in energy costs on the manufacturer side.

#### Caustic soda

Caustic soda is used in the production of dissolving wood pulp and is also an important primary product for the production of viscose and modal fibers. It arises as a byproduct from chlorine production. Caustic soda prices recorded a moderate trend in the first few months of 2024, but rose continuously in all regions in the second half of the year. This was due to relatively stable demand from nickel and aluminum production, coupled with a shortage of supply due to diminishing demand for chlorine.

#### Sulfur

Sulfur is an important starting material for the production of carbon disulfide and sulfuric acid. In turn, both raw materials are used in the viscose process. Sulfur prices were stable in the first half of 2024, but recorded a significant increase towards the year-end due to the strong growth in demand for sulphuric acid and fertilizers.

## Others

The “Others” area mainly comprises central headquarters functions and overarching activities as well as R&D activities and the activities of BZL-Bildungszentrum Lenzing GmbH (training and personnel development). Revenue in the “Others” area reached EUR 3.3 mn in 2024. The result (EBITDA) amounted to minus EUR 52.5 mn, while the operating result (EBIT) stood at minus EUR 65.3 mn.

## The Lenzing share

The Lenzing share started the 2024 stock market year at a price of EUR 35.70 (opening price on January 2, 2024) and reached its highest closing price in 2024 of EUR 37.20 on June 13, 2024. The lowest closing price was registered on March 18, 2024 at EUR 24.85. At the end of the reporting year, the Lenzing share was trading at a level of EUR 29.50. This corresponds to a decrease in the share price of 17.37 percent compared with the start of the year. Vienna’s benchmark ATX index ended the year up 6.62 percent compared with the start of the year. No dividend was distributed in the reporting year for the 2023 financial year. In the reporting year, the Managing Board of Lenzing AG passed a resolution to suspend on an indefinite basis the existing policy of paying a dividend of at least EUR 4.50 per share.

# Research and Development

In 2024, the Lenzing Group focused its innovation activities to an even greater extent on customers' specific requirements, and on the goal of implementing developments more rapidly. Technological and basic developments are combined within a central area, while product and product application developments are assigned to the commercial teams as separate groups. Lenzing also reorganized its Operational Service Group, which deals with continuous improvements, among other areas. These groups are closely networked and also work together with other teams such as the sustainability department in order to gradually strengthen Lenzing's innovative capabilities.

Due to these organizational adaptations, key innovation indicators can only be compared with previous years to a limited extent. At the end of 2024, a total of 205 staff were engaged in the various innovation areas (compared with 222 employees at the end of 2023). Research and development expenditures calculated according to the Frascati method (less grants received) amounted to EUR 30.4 mn (compared with EUR 31.6 mn in 2023). Lenzing's products and technologies were protected by 1,114 patents and patent applications (from 144 patent families) in 46 countries and organizations as of the end of 2024.

**Focus areas in 2024**

In addition to the clear focus on customers and consumers, sustainability is a key guiding principle for all of the Lenzing Group's innovation activities, including process and product development, with a special focus on decarbonization and the circular economy. Almost all of the development projects reflect key aspects of environmental sustainability and support the ambitious target of net zero by 2050. These especially include projects to close production cycles and reduce wastewater emissions, as well as to enhance energy efficiency and reduce carbon emissions.

Lenzing has been increasingly active at the European level in recent years and has been involved in several successful project submissions. Lenzing is a partner in a total of four research projects funded by the European Union. Lenzing is one of the main partners in the CELLFIL project, which was launched in 2024 and addresses the production of lyocell filaments and their applications. The company is also involved in the LIFE-TREATS (textile recycling), CISUTAC (textile sustainability), and ESCIB (new methods for sustainability assessment) projects.

In 2024, Lenzing also continued to advance the textile recycling topic, particularly in cooperation with its partners. The partnership with Swedish pulp producer Södra, which is focusing intensively on developing the recycling of used textiles and the construction of a pilot plant, features as a flagship project in the textile recycling area (including as part of the LIFE-TREATS project). Moreover, various recycled pulps were evaluated and tested for their usability in fiber production during the reporting year.

The innovation areas also supported the Lenzing Group's performance program in the reporting year. Activities that show positive short-term effects focus on saving energy and resources and on enhancing plant efficiency.

The acquisition of a minority interest in Swedish cellulosic fiber company TreeToTextile AB represented a further highlight in the innovation area. Lenzing joined existing investors H&M Group, Inter IKEA Group, Stora Enso, and LSCS Invest. TreeToTextile was founded in 2014 as a joint venture to develop a more sustainable process for cellulosic fiber production. The company has been operating pilot plants since 2015, and invested in a demo plant in 2021. The next step will be to scale up production. The closing of this transaction occurred in February 2025.

Further information and key figures about "Sustainable innovations" can be found in the non-financial statement in the Annual and Sustainability Report.

# Investments

Capital expenditures for intangible assets, property, plant and equipment, and biological assets (CAPEX) amounted to EUR 156.3 mn in the reporting year (down from EUR 283.6 mn in 2023) due to reduced investment activities.

In 2024, Lenzing focused clearly on maintenance and license-to-operate projects as part of its performance program, following significant investments in previous years. To meet the group's ambitious environmental standards, Lenzing has invested EUR 24 million since 2021 in the construction of a new wastewater treatment plant at the Grimsby site (United Kingdom). The plant is scheduled to be commissioned in 2025. Upon successful completion of this project, wastewater emissions at the site are expected to be reduced by up to 80 percent (see also chapter "E2 Pollution" in the non-financial statement of the Annual and Sustainability Report).

Part of the capital expenditures in 2024 also includes final payments for investment projects in China and Indonesia. Since 2021, Lenzing has invested more than EUR 200 million in the production sites in Nanjing (China) and Purwakarta (Indonesia) to convert existing capacities for generic viscose into capacities for specialty fibers, thus better meeting the structurally growing demand for environmentally friendly cellulosic fibers. The completion of these two investment projects, which help achieve the Lenzing Group's net-zero target (see also chapter "E1 Climate Change" in the non-financial statement of the Annual and Sustainability Report), was achieved in 2023.

# Risk Report

## Current risk environment

The global risk landscape is becoming increasingly fractured as a result of geopolitical, environmental, societal, economic, and technological developments.

State armed conflicts are considered to pose one of the greatest risks in 2025. As a result, national security considerations are increasingly dominating government agendas. This harbors the risk of a geopolitical recession and an escalation of tariffs and global trade-related protectionism.

Key countries are increasingly focusing on growing economic or social domestic concerns rather than on trying to strengthen multilateral relationships to tackle global challenges.

Economic downturn, inflation, and debt are considered the main risks relating to inequality, which in turn promotes social and political instability.

The role of technology in cyber espionage and warfare is a growing concern. The spread of false or misleading content, including the role of generative AI (GenAI), is increasingly seen as a threat that influences geopolitical narratives and leads to social polarization.

The effects of climate change are becoming more evident every year, with more frequent and more severe extreme weather events worldwide leading to increasing damage to property and interruptions to business.

A detailed analysis of the global fiber market development in the reporting year and the associated risks for the Lenzing Group are presented in the "General Market Environment" chapter.

## Lenzing risk outlook for 2025

Developments in the global risk landscape, particularly with regard to the prevailing geopolitical hotspots, influence Lenzing's risk environment to varying degrees.

For 2025, the IMF forecasts global economic growth of 3.2 percent. Global headline inflation is expected to decrease to 4.2 percent in 2025, and to 3.5 percent in 2026.[1]

An escalation of global trade-related protectionism, particularly stemming from the newly elected US administration, and the associated tightening of global trade sanctions harbors the risk of increasing import restrictions or other logistical or sales-related consequences in the markets relevant to Lenzing.

Risks to earnings arise primarily from persistently weak demand for regenerated cellulose fibers and correspondingly low fiber prices, as well as from unforeseen price scenarios for important raw materials and energy.

Lenzing proactively counters these risks by consistently executing its "Better Growth" strategy and by focusing on sustainable growth with low-emission premium products.

The supply of high-quality dissolving wood pulp to the fiber production sites is secured by the company's own pulp supply and sufficient market capacities.

The liquidity risk for 2025 is classified as moderate due to the cash position, undrawn credit lines with banks, and expected free cash flow development. Lenzing has significantly strengthened its balance sheet and liquidity position with the capital increase of around EUR 400 mn and the extension of credit lines in 2023, and again recorded a significant increase in free cash flow in in the reporting period. A persistently high interest rate level, rising interest rates or an unexpectedly negative development of the operating business and the resulting free cash flow would pose a risk to the available liquidity. The availability of credit and capital markets for refinancing activities is important for Lenzing in 2025 and represent risk-mitigating factors for liquidity management.

In terms of currencies, the US dollar fluctuated against the euro in a range of around 7.8 percent, while the Chinese yuan fluctuated against the euro in a range of around 5.4 percent. A devaluation of both currencies would have a negative impact on Lenzing's open currency volumes.

No significant losses were incurred from operational, environmental, or product liability risks in the reporting year. Among non-operational risks, cyber security, data protection, and other compliance-related risks are of key relevance to Lenzing due to their potential impact in terms of business disruption or damage to reputation. Lenzing addresses these risks through targeted preventive measures such as state-of-the-art technological infrastructure, Group-wide guidelines, training and development programs, and a global organizational structure.

## Risk management objectives

The main purpose of risk management in the Lenzing Group is to safeguard and strengthen the company through an adequate, objective, and transparent assessment of financial, operational, and strategic risks, including those related to ESG issues. The Lenzing Group's Managing Board, together with the heads of the reporting departments, conducts extensive coordinating and controlling operations as part of a comprehensive integrated internal control system that covers all locations. The timely identification, evaluation, and response to strategic and operational risks form essential components of these management activities and make a significant contribution to the company's value. This approach is based on a

[1] Source: IMF, World Economic Outlook, January 2025

standardized reporting system and the ongoing monitoring of strategic and operational plans.

Lenzing uses an established, holistic, and company-wide risk management process that ensures the central coordination of risks and their monitoring in a comprehensive risk management system for the entire Group. Together with the operating units, significant risks are identified and assessed and then communicated and transparently presented to the Managing Board and other stakeholders. Proactive analysis of potential risks is just as much the aim of risk management as the task of actively controlling risks and evaluating appropriate measures with the business units concerned. In connection with climate change, climate-related risks and opportunities, and their short-, medium- and long-term effects on the Lenzing Group, are identified and evaluated as part of risk management, and appropriate risk mitigation measures are derived. This takes into account the requirements of the TCFD (Task Force on Climate-Related Financial Disclosures) as well as the EU Taxonomy and associated obligations to report climate-related risks and opportunities. The Enterprise Risk Management (ERM) approach, which integrates Environmental, Social, and Governance (ESG) risks and opportunities, also meets the disclosure requirements outlined in European Sustainability Reporting Standards (ESRS), specifically ESRS 2 GOV-1, paragraph 22(c)(iii).

## Risk management strategy & process

Lenzing's risk management strategy is closely linked to the corporate strategy and follows a multi-step approach: Lenzing's risk appetite defines a general attitude towards taking risks and realizing opportunities and is determined at various levels. Risks that are unacceptable or not in line with Lenzing's strategy are avoided, mitigated, or transferred. Lenzing's risk appetite therefore also defines the Group's risk transfer strategy, which in turn determines the retention level of the individual production sites. Corporate Risk Management conducts semiannual risk interviews with all operational units and global corporate functions. The focus is on a short and medium-term risk assessment, while the analysis of climate-related risks and opportunities also includes a long-term view (see also the chapter "E1 Climate change" in the non-financial statement of the Annual and Sustainability Report). The main risks, as well as an increasing number of opportunities, are recorded and quantitatively assessed in Lenzing's Enterprise Risk Management (ERM) system. The risks are simulated against planned EBITDA, and the range of potential deviations from the respective budget is determined. Lenzing uses sophisticated simulation software for this purpose, and for calculating risk KPIs such as Value at Risk (VaR), risk-adjusted EBITDA, and the net-debt-to-EBITDA ratio. Risks that cannot be measured in monetary terms are recorded qualitatively.

Depending on the impact on the company, efforts are made to avoid, minimize, or transfer risks through appropriate measures or, in certain cases, and if necessary and reasonable, to intentionally assume them.

Lenzing's ERM organization specifies rules, rights, and responsibilities within the Lenzing Group that have to be fulfilled by all relevant stakeholders. Each production site has a nominated risk manager to coordinate and communicate all site-specific risks and opportunities and report these as part of the half-yearly risk interviews. Risks are allocated in accordance with the respective corporate organization, with each risk being assigned a "risk owner".

The effectiveness of the risk management system used by the Lenzing Group was evaluated and confirmed by KPMG Austria GmbH pursuant to Rule 83 of the Austrian Corporate Governance Code (ACGC) as part of a special audit with limited assurance in the reporting year.

The main risks and opportunities are presented to the Managing Board and to the Supervisory Board's Audit Committee on a half-yearly basis.

## Market environment risks

### Market risk

As an international corporation, the Lenzing Group is exposed to a variety of risks. Price trends for textile fibers and, to a lesser extent, nonwoven fibers are cyclical, as they depend on global and regional economic conditions. Lenzing fibers compete with cotton, regenerated cellulose, and synthetic fibers in many submarkets. The price trends of these products, driven among other factors by overall demand and market saturation, consequently also exert an influence on the revenue and sales volumes trends of Lenzing fibers.

The Lenzing Group counteracts this risk through the continuous premiumization of its global product portfolio, and a consistent sustainability and innovation strategy. In addition to developing premium products and services, the aim is to further expand the company's role as a leader in terms of sustainability and the circular economy in the fiber sector.

The Lenzing Group relies on a strong international market presence, especially in Asia, combined with a first-class regional support network for customers, as well as a high level of customer-oriented product diversification.

### Sales risk

The Lenzing Group generates around 50 percent of its fiber revenues with a mid-double-digit number of customers. Customer concentration in the pulp sector is comparatively higher than in the fiber sector. A decrease in sales to these major customers, or the loss of one or more major customers without an immediate replacement, poses a certain risk. The company counteracts such risk with its global presence and the continuous broadening of its client base and sales segments. Potential default on trade receivables is covered by clear receivables management and global credit insurance.

### Competitive and innovation risks

The Lenzing Group is exposed to the risk of losing its position on the fiber market due to greater competition or new technologies developed by competitors. In particular, the Lenzing Group could lose its market position if it were no longer able to offer its products at competitive prices, if its products were to fail to comply with customer specifications and quality standards, or if its customer service were to fail to meet customer expectations. Lenzing counteracts this risk with research and development activities that exceed the average for the sector, and by a high level of product innovation and steady cost optimization. The Lenzing Group – similar to other producers – is exposed to the risk that acceptable or superior alternative products may become available and at more favorable prices than regenerated cellulose fibers.

### Laws and regulations

The Lenzing Group is confronted with different legal systems and regulations in its global markets. A change in laws or other regulations (e.g. import duties, product classifications, environmental requirements etc.), as well as a more stringent interpretation of existing regulations and laws, could lead to significant additional costs or competitive disadvantages. The Lenzing Group maintains certified management systems for quality management according to ISO 9001, for environmental management according to ISO 14001, and for safety management according to ISO 45001. Legal compliance in connection with these management systems is regularly audited both internally and externally.

With its own in-house legal and compliance experts, the Lenzing Group has a corporate area that performs corresponding consulting services and risk assessments. Due to the progressive effects of climate change on society and ecosystems, more stringent legislation and regulations on the part of governments and other stakeholders are to be expected. For example, in addition to reducing carbon credits issued in the EU, additional taxes on carbon dioxide emissions could be introduced, among other measures, such as Carbon Border-Adjusted Mechanism (CBAM). Other regions and countries are currently also implementing similar steps. The implementation of regionally differing measures could have a negative impact on the Lenzing Group's performance and success. The Lenzing Group is implementing a number of measures to reduce climate-related physical and transition risks, and to further enhance resilience in this area.

### Intellectual property risks

Lenzing is exposed to the risk that its intellectual property may be infringed or incompletely protected. The Lenzing Group counters such risks by means of a dedicated intellectual property protection department.

### ESG-related risks and opportunities

As part of a double materiality analysis, Lenzing surveyed material issues in relation to its sustainably oriented business model in 2024 using a multi-stage and holistic approach. Relevant risks and opportunities are assigned to the respective ESG topics, which are successively integrated in the Enterprise Risk Management System and taken into account in Lenzing's long-term strategic business planning.

In the environmental responsibility area (Environment), the main focus topics in the risk matrix comprise climate-related issues in connection with global warming (carbon dioxide reduction) as well as sustainable raw material procurement (wood, chemicals) and growing water shortages in certain regions. Increasing regulation, particularly in relation to the taxation of greenhouse gases and the pricing of carbon, represents a significant risk for Lenzing. Regulations concerning greenhouse gas emissions have already been introduced in countries where Lenzing operates carbon-intensive processes. Lenzing is consistently working on the implementation of energy efficiency measures and the reduction of carbon emissions in order to take account of environmental protection and reduce exposure through eco taxes.

For Lenzing, wood is the most important natural resource for the production of its biodegradable cellulosic fibers. Despite sustainable sourcing policies and backward-integrated production, a risk exists that wood prices will rise further due to climate change, increasing global demand for biomass, and alternative land use.

The global textile industry, especially the fashion industry in which Lenzing's products are frequently deployed, is regarded in a critical light due to its sometimes resource-intensive consumption of raw materials and its production processes. Lenzing sees this development as an opportunity due to its business model with responsibly produced fibers. In addition, Lenzing sees significant business opportunities through access to new and emerging markets with innovative new products and technologies. Innovation, sustainability, and the circular economy lie at the core of Lenzing's corporate strategy.

The production of pulp and fibers is associated with high levels of water consumption as well as air and water emissions. Lenzing operates a careful global water management system that ensures compliance with both local laws and global standards. Lenzing is counteracting the increasing scarcity of water by continuously improving resource utilization.

In the area of social responsibility, the main risks in relation to the physical and mental long-term health and safety of employees at our own sites and along the value chain as well as in society should be highlighted, which Lenzing is increasingly countering with targeted surveys and focus programs.

In the area of corporate governance (Governance), risks such as cyber security incidents (see "IT risks") as well as poor compliance with corporate governance and resulting risks are material. Lenzing is continuously tightening its internal rules and expanding its compliance organization accordingly.

## Operational risks

### Procurement risk (including pulp supplies)

The Lenzing Group purchases large volumes of raw materials (wood, pulp, chemicals) and energy for the manufacture of its cellulosic fibers. Fiber production and related margins are exposed to risks arising from the availability and prices of these raw materials, which can fluctuate to the Lenzing Group's disadvantage and may increase as a consequence of climate change. Such risks are countered through the careful selection of suppliers based on price, reliability and quality criteria, EcoVadis-based sustainability assessments, the Together for Sustainability (TfS) audit program, Lenzing-specific audits, as well as the establishment of long-standing, stable supplier-customer partnerships, in some cases with multi-year or long-term supply agreements. In addition, all suppliers must comply with Lenzing's Global Code of Conduct for Suppliers. Nevertheless, a risk exists of violations of this code, which may have a negative impact on the Lenzing Group and its stakeholders along the value chain. Supply chain risks may also result from disruptions caused by natural disasters.

Lenzing has also entered into long-term contractual relationships with selected raw material suppliers and service partners. These agreements require Lenzing to purchase specified quantities of raw materials on standardized terms and conditions, which may also include price adjustment clauses. Lenzing may consequently not be able to adjust prices, purchase volumes, or other contract conditions over the short term in order to respond to market changes.

### Operating and environmental risks

The production of regenerated cellulosic fibers involves complex chemical and physical processes that entail certain environmental risks. These risks are very well controlled thanks to proactive and sustainable environmental management, closed production cycles, ongoing emissions monitoring, state-of-the-art production techniques, and the monitoring of production processes by highly qualified personnel. Lenzing continuously works on increasing safety and environmental standards through voluntary references such as the EU Ecolabel. As the Lenzing Group has operated production facilities at several locations for decades, risks arising from environmental damage in earlier periods cannot be ruled out entirely.

Although the Lenzing Group has set very high technological and safety standards for the construction, operation, and maintenance of its production sites, the risk of breakdowns, disruptions, and accidents cannot be completely excluded. Such disruptions may also result from external factors beyond the company's control. Direct protection against certain natural hazards, such as cyclones, earthquakes, and floods, beyond existing natural hazard insurance is not feasible. Moreover, a risk exists that not only personal injury but also material and environmental damage, both within and outside the production facilities, could result in substantial claims for damages and even criminal liability.

The Lenzing Group's production activities are concentrated at a small number of locations. Any disruption at one of these facilities has a negative impact on the Group's business operations and its goals.

### Plant risk

Lenzing is an asset-capital-intensive company that is exposed to the risk of aging plants or aging plant components. Ongoing investments are required to keep these plants or plant components at the leading edge of technology. Lenzing continuously takes measures to counter this risk by asset maintenance initiatives and productivity enhancements.

### Product liability risk

The Lenzing Group markets and sells its products and services to customers worldwide. These business activities can lead to damage to customers, or along the value chain, through the delivery of a defective product by Lenzing or one of its subsidiaries. Moreover, product safety can be jeopardized by pollution, which may cause problems in the value chain, such as potential health implications for employees and customers. Lenzing is also subject to local laws in the countries where its products are delivered. Especially in the USA, the potential implications are considered to be severe. Such risk is countered by a specialized department focusing exclusively on customers' potential problems in processing Lenzing products and on handling complaints. Appropriate precautions in the production process and regular quality inspections have been implemented. Third party damages caused by Lenzing are covered by a global liability insurance program.

## Financial risks

For a detailed description of financial risks refer to notes 34 to 37 to the consolidated financial statements.

### Tax risk

The Lenzing Group's production sites are subject to local tax regulations in their respective countries and are required to pay corporation tax as well as other taxes. Changes in tax legislation or different interpretations of prevailing regulations could lead to subsequent tax liabilities.

### Compliance

Increasingly stringent international codes of conduct and legal regulations are placing additional demands on Lenzing in terms of compliance and monitoring. Inadequate controls in business processes or a lack of documentation can lead to the violation of applicable laws or regulations, and significantly jeopardize reputation and commercial success. Lenzing addresses this risk by, among other measures, continuously developing its Group-wide compliance organization, the corporate code of conduct that is valid throughout the Group, as well as directives addressing the areas of bribery and corruption, money laundering and antitrust practices. Further information on compliance is provided in the Corporate Governance Report.

### IT risks

Lenzing depends on sophisticated information technology (IT) systems for its daily operations, both in its own production facilities and throughout the supply chain. IT systems are vulnerable to a range of problems, including software and hardware malfunctions, malicious hacking and cyberattacks, physical damage to key IT centers, and computer virus infections. Consequently, any major damage, disruption and/or circumvention of its existing IT systems may hamper business operations. These risks are addressed through comprehensive technical and organizational measures as well as additional cyber insurance.

## Personnel risks

Personnel risks may arise through the turnover of key staff as well as the recruiting of new staff at all global sites. The Lenzing Group has established a Human Resources Department which operates internationally and coordinates personnel planning with the respective sites, and centrally manages and controls all personnel issues. These include global management and training programs for potential managers, which are organized by the Human Resources Department.

At the production facilities, both employees of the Lenzing Group and workers and employees of external companies are potentially exposed to a risk of injury. Lenzing's Safety & Health program takes such risk into consideration and includes a strategic approach to risk reduction, precautionary measures, and extensive training. For more information, see the non-financial statement of the Lenzing Group's Annual and Sustainability Report.

## Risks relating to major projects

The Lenzing Group is continuously expanding its capacities in numerous projects. Major projects entail the inherent risk of cost and time overruns, which Lenzing counters with a standardized planning process, consistent project management, ongoing cost controls as well as insurance solutions and risk transfer. In addition to the ongoing risk management process, Monte Carlo simulations are used for projects of this size to model the sensitivity of the key financial indicators.

## Risks from an external perspective and for other stakeholders

As a globally operating company, the Lenzing Group is aware of its social responsibility. The risks described in the risk report refer primarily to the effect on the Lenzing Group's assets and earnings. As one of the sustainability leaders in its sector, the Lenzing Group seeks a balance between the needs of society, the environment, and the economy. The company assumes such responsibility, particularly also with respect to potential effects of its operations on neighbors of the production sites as well as in relation to society as a whole. Active stakeholder work to mitigate risks (partnerships for systemic change) and to create additional benefits for people and the environment is a clear goal of the Lenzing Group's innovation and operating activities. The Lenzing Group was once again awarded platinum status in EcoVadis' CSR rating in the reporting year. This evaluation covers the most important practices in the Corporate Social Responsibility (CSR) area. In cooperation with its partners, the Lenzing Group is working on understanding the risks for stakeholders and on finding solutions to mitigate such risks. This work is based on open communication and transparency as well as continuous improvement of technologies and sustainable practices.

# Report on the Key Elements of the Internal Control System (Section 243a Para. 2 of the Austrian Commercial Code)

The Lenzing Group's internal control system is designed to safeguard the reliability of financial reporting, ensure compliance with legal regulations and corporate guidelines, and present the operative risks that affect the consolidated balance sheet (consolidated statement of financial position) and consolidated income statement. The Managing Board is responsible for establishing and implementing the Lenzing Group's internal control system.

The Lenzing Group's organizational structure and processes form the main basis for the control environment and consequently the internal control system within the company. In the area of organizational structure, competencies and responsibilities are clearly assigned at the Group's various management and hierarchical levels. In addition to the Austrian sites, this includes all international subsidiaries. The Lenzing Group's global presence and, as a consequence, its decentralized corporate and site structures are taken into consideration by centralizing key corporate functions. The respective management teams are responsible for coordinating and monitoring business operations at national level.

The company's process organization is characterized by a highly developed and extensive set of rules. These specifications and guidelines provide the framework for the control system. The main areas in terms of approvals and competencies for the Group as a whole are regulated by the Lenzing Group Mandates. The respective management teams are responsible for monitoring compliance with regulations and controls.

The Corporate Audit department is responsible for monitoring the application of, and compliance with, controls in business operations.

## Financial reporting

The central Corporate Accounting and Corporate Tax areas are responsible for financial reporting, the accounting-related internal control system, and tax issues within the Group.

The goal of the accounting-related internal control system is to uniformly implement the legal standards, the generally accepted accounting principles and financial accounting regulations of the Austrian Commercial Code (UGB) and, for the purposes of Group accounting, the financial accounting regulations of the International Financial Reporting Standards (IFRS) as well as the internal financial accounting guidelines, in particular the Group-wide financial accounting manual and schedules. The accounting-related internal control system is designed to safeguard the timely, uniform, and accurate recording of all business processes and transactions. It thereby supports the preparation of reliable data and reports on the Lenzing Group's financial position and financial performance. The subsidiaries included in the consolidated financial statements prepare financial statements at company level in accordance with local law and IFRS in a timely manner and are responsible for ensuring that the central rules are implemented at individual company level. They are supported and monitored in these activities by the Corporate Accounting and Corporate Tax functions. The Supervisory Board's Audit Committee receives reports on the accounting-related control system. In addition, the annual financial statements are audited by external certified public accountants, and the half-year financial statements are reviewed on a voluntary basis.

The Corporate Treasury Department, and above all the payments area for which this department is responsible, is classified as a highly sensitive area due to its direct access to the company's assets. The accompanying increased need for security is reflected in comprehensive regulations and instructions for all relevant processes. The entire process, from procurement through to payment, is subject to stringent corporate guidelines. These guidelines are largely supported by a Group-wide IT system and require stringent functional separation, a clear authorization concept to prevent authorization conflicts as well as a stringent dual control principle for transaction settlement, in particular for payments, as well as regular reporting, among other measures.

## Compliance with legal regulations and internal guidelines

The Lenzing Group's Legal, Intellectual Property & Compliance Department is responsible for legal management. This central function is responsible for certain legal matters of the Lenzing Group: a Compliance Management System (CMS) is used in order to ensure that legal and internal company regulations are complied with throughout the Group. This department reports directly to the Lenzing Group's Chief Financial Officer. The CMS evaluates compliance-relevant risks in the narrower sense, analyzes deviations from standards and, if necessary, takes measures to reduce them ("prevent, detect, respond"). Furthermore, compliance-relevant guidelines (such as anti-bribery and anti-corruption as well as antitrust directives) are specified, and employees are trained accordingly. Support is also provided for specialist departments responsible for compliance with other legal and internal company regulations. The Managing Board and the Supervisory Board (or the Audit Committee) receive regular reports on compliance measures.

The Lenzing Group complies with the rules defined by the Austrian Corporate Governance Code (ACGC) and prepares a Corporate Governance Report which is published as part of the Annual Report. The Corporate Governance Report requires the participation of the Supervisory Board, which delegates the responsibility for monitoring compliance with the related obligations to the Audit Committee.

# Shareholder structure and information on capital

## Share capital and shareholder structure

The share capital of Lenzing AG amounted to a total of EUR 40,107,738.37 as at the balance sheet date and is divided into 38,618,180 no-par-value shares. The B&C Group announced on June 12, 2024 that it and the Brazilian pulp producer Suzano S.A. have signed a long-term partnership in connection with the majority interest in Lenzing. As part of this agreement, Suzano S.A. acquired a 15 percent interest in Lenzing AG from the B&C Group. As a consequence, the B&C Group held 37.25 percent of the voting rights and Suzano S.A. held 15 percent of the voting rights as of December 31, 2024. Goldman Sachs Group, Inc. holds 6.97 percent of the shares. The free float amounts to approximately 41 percent. This is divided between Austrian and international investors. The Lenzing Group does not hold any treasury shares.

## Position of shareholders

Each no-par-value share grants the shareholder one vote at the Shareholders' General Meeting of Lenzing AG. Unless provided otherwise by mandatory provisions of the Austrian Stock Corporation Act (AktG), the Shareholders' General Meeting passes resolutions by a simple majority of the votes cast and – if a majority of the share capital is required – by a simple majority of the share capital represented at the Shareholders' General Meeting.

No shares exist that grant special control rights. By resolution of the Annual General Meeting on April 18, 2024, the Managing Board was authorized, with Supervisory Board assent, to purchase treasury shares in the company for a period of 30 months from the date of the resolution pursuant to Section 65 Para. 1 nos. 4 and 8, and Paras. 1a and 1b AktG. The treasury shares purchased by the company may not exceed 10 percent of the company's share capital. The consideration to be paid for the repurchase must lie within a range of plus/minus 25 percent of the weighted average closing price on the last 20 stock exchange days preceding the start of the corresponding repurchasing program of the Lenzing share.

The Managing Board was also authorized, subject to Supervisory Board assent, to withdraw repurchased treasury shares without any further resolution by the Shareholders' General Meeting (including the authorization of the Supervisory Board to adopt changes to the articles of association resulting from withdrawing the shares), or to resell them and to determine the conditions of sale. These authorizations can be exercised in full, in several parts, and in pursuit of one or several objectives by the company, by a subsidiary (Section 189a no. 7 of the Austrian Commercial Code [UGB]) or by third parties for the company's account.

In addition, the Managing Board was authorized for a period of five years from the date of the resolution to approve the sale of treasury shares, subject to Supervisory Board assent, in any manner permitted by law other than through the stock exchange or public offer, and also to exclude shareholders' repurchasing rights (subscription rights), and to determine the conditions of sale.

A resolution passed by the Annual General Meeting on April 19, 2023 authorized the Managing Board, subject to Supervisory Board assent, to increase the share capital by up to EUR 13,787,034.68 through the issue of up to 13,274,999 no-par-value bearer shares – including in tranches – in exchange for cash and/or non-cash capital contributions, within five years from the entry of the changes in the articles of association in the commercial register and to determine the issue price and the further issue conditions ("Authorized Capital"). This authorized capital was recorded in the commercial register on May 26, 2023. The statutory subscription right may be granted to shareholders in such a manner that the capital increase be assumed by a bank or a syndicate of banks with the obligation to offer it to the shareholders in accordance with their subscription right (indirect subscription right).

The Managing Board was also authorized, subject to Supervisory Board assent, to exclude shareholders' subscription rights in the event of a capital increase from the authorized capital in whole or in part (i) if the capital increase in exchange for non-cash capital contributions is realized for the purpose of acquiring companies, parts of companies, operations, parts of operations, participating interests in companies, or other assets connected with an acquisition project, (ii) to satisfy an over-allotment option (greenshoe) or (iii) to compensate for fractional amounts.

With the implementation of the cash capital increase with subscription rights for existing shareholders in 2023, 12,068,180 new no-par-value bearer shares were issued.

In addition, the Managing Board was authorized by a resolution of the Annual General Meeting on April 19, 2023 to issue, subject to Supervisory Board assent, convertible bonds in one or several tranches that grant or provide for the subscription or conversion right or a subscription or conversion obligation for up to 13,274,999 shares in the company. These can be serviced through conditional capital to be approved and/or treasury shares. The issue price and issue conditions are to be determined by the Managing Board, subject to Supervisory Board assent; the issue amount and the exchange ratio are to be determined in accordance with recognized methods of financial mathematics and the price of the company's shares in a recognized pricing procedure. This authorization is valid until April 19, 2028.

The statutory subscription right may be granted to shareholders in such a manner that the convertible bond be assumed by a bank or a syndicate of banks with the obligation to offer it to the shareholders in accordance with their subscription right (indirect subscription right).

# Outlook

The IMF[1] recently slightly upgraded its growth forecast for 2025 to 3.3 percent, but emphasizes the continued high extent of variation between regions as well as the high level of uncertainty. The latter is mainly due to geopolitical tensions, increasing protectionist tendencies, and a potential return of inflation.

In times of uncertainty, consumers are remaining cautious and thrifty, which is exerting a negative impact on consumer sentiment and on their propensity to spend.

The currency environment is expected to remain volatile in the regions relevant to Lenzing.

In the trend-setting market for cotton, analysts[2] anticipate a slight increase of stock levels to around 18.7 mn tonnes in the current 2024/2025 harvest season, following a reduction of 0.9 mn tonnes in the previous season, according to preliminary estimates.

Earnings visibility remains limited overall.

Lenzing is still ahead of schedule with the implementation of the performance program. The company expects that the measures will also contribute to further earnings improvement in the coming quarters.

Taking the aforementioned factors into consideration, the Lenzing Group expects EBITDA to be higher in 2025 than in the previous year.

In structural terms, Lenzing continues to expect growth in demand for environmentally responsible fibers for the textile and apparel industry, as well as for the hygiene and medical sectors. As a consequence, Lenzing is very well positioned with its strategy and is driving ahead with not only profitable growth in specialty fibers but also the further expansion of its market leadership in the sustainability area.

[1] Source: IMF, World Economic Outlook, January 2025

[2] Source: ICAC

# Appendix: Notes on the Financial Performance Indicators of the Lenzing Group

The key financial indicators for the Lenzing Group are described in detail in the following section. These indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group and are found in this annual report, above all, in the sections "Selected indicators of the Lenzing Group" and "Lenzing Group Five-Year Overview". The definitions of the indicators are summarized in the glossary to the annual report. The Managing Board believes these financial indicators provide useful information on the financial position of the Lenzing Group because they are used internally and are also considered important by external stakeholders (in particular investors, banks and analysts).

## EBITDA, EBITDA margin, EBIT and EBIT margin

EBITDA and EBIT are viewed by the Lenzing Group as the benchmarks for the strength of operating earnings and profitability (performance) before and after depreciation and amortization. Due to their significance - also for external stakeholders - the EBIT is presented on the consolidated income statement and EBITDA is presented in the Financial Performance Indicators and, in order to provide a comparison of margins, in relation to group revenue (as the EBITDA margin and EBIT margin).

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Earnings before interest and tax (EBIT) | 88.5 | (476.4) | 16.5 | 200.6 | 33.9[1] |
| + Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets | 308.8 | 781.8 | 227.6 | 164.3 | 160.4 |
| - Income from the release of investment grants | (1.8) | (2.0) | (2.1) | (1.9) | (2.0) |
| **Earnings before interest, tax, depreciation and amortization (EBITDA)** | **395.4** | **303.3** | **241.9** | **362.9** | **192.3[1]** |

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 395.4 | 303.3 | 241.9 | 362.9 | 192.3[1] |
| / Revenue | 2,663.9 | 2,521.2 | 2,565.7 | 2,194.6 | 1,632.6 |
| **EBITDA margin** | **14.8%** | **12.0%** | **9.4%** | **16.5%** | **11.8%[1]** |

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Earnings before interest and tax (EBIT) | 88.5 | (476.4) | 16.5 | 200.6 | 33.9[1] |
| / Revenue | 2,663.9 | 2,521.2 | 2,565.7 | 2,194.6 | 1,632.6 |
| **EBIT margin** | **3.3%** | **(18.9)%** | **0.6%** | **9.1%** | **2.1%[1]** |

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).

## EBT

EBT measures the pre-tax earnings strength of the Lenzing Group and is shown on the consolidated income statement.

## Gross cash flow

In the Lenzing Group, gross cash flow serves as the benchmark for the company's ability to convert gains/losses from operating activities (before changes in working capital) into cash and cash equivalents. This indicator is presented in the consolidated statement of cash flows.

## Free cash flow

The free cash flow generated by the Lenzing Group shows the cash flow generated by operating activities - after the deduction of investments - which is available to service the providers of debt and equity. This indicator is also important for external stakeholders.

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Cash flow from operating activities | 322.5 | 160.3 | (43.2) | 394.0 | 48.9 |
| - Cash flow from investing activities | (185.0) | (291.5) | (687.4) | (841.3) | (666.2) |
| + Acquisition/disbursement of other investments and investments accounted for using the equity method | 37.1 | 14.2 | 0.3 | 7.3 | 4.1 |
| - Proceeds from the sale/repayment of other investments and the sale of investments accounted for using the equity method | (7.5) | (5.8) | (10.4) | (5.6) | (1.5) |
| **Free cash flow** | **167.0** | **(122.8)** | **(740.7)** | **(445.5)** | **(614.8)** |

## CAPEX

CAPEX is used in the Lenzing Group as a measure for the volume of investments in intangible assets, property, plant and equipment, and biological assets. This indicator is presented in the consolidated statement of cash flows. In the 2023 financial year, as part of a corporate acquisition, mainly property, plant and equipment were acquired and consequently allocated to CAPEX (see note 3 in the consolidated financial statements as of December 31, 2023).

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Acquisition of intangible assets, property, plant and equipment and biological assets | 156.3 | 267.8 | 698.9 | 844.3 | 668.8 |
| + Acquisition of corporate units | 0.0 | 15.7 | 0.0 | 0.0 | 0.0 |
| **CAPEX** | **156.3** | **283.6** | **698.9** | **844.3** | **668.8** |

## Liquid assets

Liquid assets show the Lenzing Group's ability to meet due payment obligations immediately with available funds. This indicator is also used to calculate other financial ratios (e.g. net financial debt; see below).

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Cash and cash equivalents | 442.3 | 725.6 | 446.9 | 1,113.3 | 1,070.0 |
| + Liquid bills of exchange (in trade receivables) | 9.4 | 5.4 | 6.4 | 10.8 | 11.1 |
| **Liquid assets** | **451.7** | **731.0** | **453.3** | **1,124.1** | **1,081.1** |

## Trading working capital and trading working capital to annualized group revenue

Trading working capital in the Lenzing Group is a measure for potential liquidity and capital efficiency. It is used to compare capital turnover by relating it to group revenue.

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Inventories | 646.2 | 552.9 | 712.5 | 477.0 | 329.4 |
| + Trade receivables | 318.2 | 294.5 | 293.6 | 325.2 | 249.7 |
| - Trade payables | (386.4) | (296.3) | (435.4) | (414.8) | (195.2) |
| **Trading working capital** | **578.0** | **551.1** | **570.7** | **387.4** | **383.8** |

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Latest reported quarterly group revenue (= 4th quarter respectively) | 705.7 | 655.4 | 595.5 | 606.1 | 437.7 |
| x 4 (= annualized group revenue) | 2,822.8 | 2,621.6 | 2,382.2 | 2,424.5 | 1,750.9 |
| **Trading working capital to annualized group revenue** | **20.5%** | **21.0%** | **24.0%** | **16.0%** | **21.9%** |

## Adjusted equity and adjusted equity ratio

Adjusted equity shows the Lenzing Group's independence from the providers of debt and its ability to raise new capital (financial strength). This figure includes equity as defined by IFRS as well as government grants less the proportional share of deferred taxes. Adjusted equity is used to compare equity and debt with total assets. This (and/or a similar indicator) is occasionally used as a financial covenant by lenders.

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Equity | 1,652.0 | 1,742.2 | 2,025.9 | 2,072.1 | 1,881.4 |
| + Non-current government grants | 12.1 | 14.1 | 15.0 | 13.7 | 14.2 |
| + Current government grants | 83.5 | 72.1 | 67.7 | 44.2 | 19.9 |
| - Proportional share of deferred taxes on government grants | (21.7) | (19.3) | (20.0) | (14.2) | (8.5) |
| Adjusted equity | 1,725.9 | 1,809.1 | 2,088.6 | 2,115.7 | 1,907.0 |
| / Total assets | 4,976.8 | 5,214.6 | 5,525.0 | 5,322.8 | 4,163.0 |
| **Adjusted equity ratio** | **34.7%** | **34.7%** | **37.8%** | **39.7%** | **45.8%** |

## Net financial debt, net financial debt/EBITDA, net gearing and net debt

Net financial debt is used by the Lenzing Group as the benchmark for its financial indebtedness and capital structure. It is also an important indicator for external stakeholders. The ratio of net financial debt to adjusted equity (net gearing) illustrates the relation of net debt to adjusted equity. This (and/or a similar indicator) is occasionally used as a financial covenant by lenders. Net debt in the Lenzing Group measures the level of financial indebtedness, including the provisions for severance payments and pensions. Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities (see note 35, table "Carrying amounts, category, fair value and fair value hierarchy of financial instruments" of the consolidated financial statements as at December 31, 2023). In previous financial years, lease liabilities were included in net financial debt. The change in the calculation was made because the key stakeholders of the Lenzing Group also monitor net financial debt excluding lease liabilities.

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Current loans and borrowings | 279.4 | 529.0 | 250.3 | 120.1 | 105.6 |
| + Non-current loans and borrowings | 1,828.5 | 1,906.7 | 2,071.9 | 1,981.0 | 1,446.9 |
| - Liquid assets | (451.7) | (731.0) | (453.3) | (1,124.1) | (1,081.1) |
| **Net financial debt incl. lease liabilities** | **1,656.3** | **1,704.7** | **1,869.0** | **977.0** | **471.4** |
| - Current lease liabilities | (9.6) | (9.8) | (6.2) | (6.2) | (7.9) |
| - Non-current lease liabilities | (114.2) | (132.3) | (63.3) | (57.3) | (53.0) |
| **Net financial debt** | **1,532.5** | **1,562.6** | **1,799.4**[1] | **913.6**[1] | **410.5**[1] |
| / Earnings before interest, tax, depreciation and amortization (EBITDA) | 395.4 | 303.3 | 241.9 | 362.9[2] | 192.3[2] |
| **Net financial debt / EBITDA** | **3.9** | **5.2** | **7.4**[1] | **2.5**[1] | **2.1**[1, 2] |

1) Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities.
2) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Net financial debt | 1,532.5 | 1,562.6 | 1,799.4[1] | 913.6[1] | 410.5[1] |
| / Adjusted equity | 1,725.9 | 1,809.1 | 2,088.6 | 2,115.7 | 1,907.0 |
| **Net gearing** | **88.8%** | **86.4%** | **86.2%[1]** | **43.2%[1]** | **21.5%[1]** |

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Net financial debt | 1,532.5 | 1,562.6 | 1,799.4[1] | 913.6[1] | 410.5[1] |
| + Current lease liabilities | 9.6 | 9.8 | 6.2 | 6.2 | 7.9 |
| + Non-current lease liabilities | 114.2 | 132.3 | 63.3 | 57.3 | 53.0 |
| + Provisions for severance payments and pensions | 75.9 | 74.8 | 77.6 | 102.2 | 103.7 |
| **Net debt** | **1,732.2** | **1,779.5** | **1,946.6** | **1,079.3** | **575.0** |

1) Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities.

## Return on capital (ROE, ROI and ROCE)

Return on capital employed (ROCE) is the Lenzing Group's benchmark for the yield (return) on the capital employed in the operating business. It is also an important indicator for external stakeholders.

Return on capital (ROE) and return on investment (ROI) are profitability indicators which measure the earnings strength of the Lenzing Group.

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Earnings before interest and tax (EBIT) | 88.5 | (476.4) | 16.5 | 200.6 | 33.9[1] |
| - Proportional share of current income tax expense (on EBIT) | 35.0 | (56.5) | 54.8 | (52.0) | (45.1)[1] |
| Earnings before interest and tax (EBIT) less proportional share of current income tax expense (NOPAT) | 123.5 | (532.9) | 71.2 | 148.6 | (11.2)[1] |
| / Average capital employed | 3,458.6 | 3,748.5 | 3,541.8 | 2,766.5 | 2,216.2 |
| ROCE (return on capital employed) | 3.6% | (14.2)% | 2.0% | 5.4% | (0.5) %[1] |
| Proportional share of current income tax expense (on EBIT) | 35.0 | (56.5) | 54.8 | (52.0) | (45.1)[1] |
| Proportional share of other current tax expense | (51.6) | (13.7) | (87.6) | 3.7 | 23.0[1] |
| **Current income tax expense** | **(16.6)** | **(70.2)** | **(32.8)** | **(48.4)** | **(22.1)** |

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Total assets | 4,976.8 | 5,214.6 | 5,525.0 | 5,322.8 | 4,163.0 |
| - Trade payables | (386.4) | (296.3) | (435.4) | (414.8) | (195.2) |
| - Non-current puttable non-controlling interests | (231.0) | (249.4) | (266.1) | (234.4) | (140.3) |
| - Other non-current liabilities | (9.8) | (13.6) | (3.6) | (6.7) | (26.9) |
| - Other current liabilities | (291.9) | (129.2) | (133.0) | (180.4) | (141.8) |
| - Non-current tax liabilities | 0.0 | (48.0) | 0.0 | 0.0 | 0.0 |
| - Current tax liabilities | (16.0) | (32.1) | (27.9) | (38.3) | (2.4) |
| - Deferred tax liabilities | (74.6) | (40.1) | (70.2) | (59.8) | (42.4) |
| - Proportional share of deferred taxes on government grants | (21.7) | (19.3) | (20.0) | (14.2) | (8.5) |
| - Current provisions | (28.5) | (52.6) | (66.3) | (39.1) | (25.7) |
| - Non-current provisions | (83.0) | (89.1) | (91.5) | (118.2) | (120.4) |
| + Provisions for severance payments and pensions | 75.9 | 74.8 | 77.6 | 102.2 | 103.7 |
| - Cash and cash equivalents | (442.3) | (725.6) | (446.9) | (1,113.3) | (1,070.0) |
| - Investments accounted for using the equity method | (25.0) | (31.0) | (26.5) | (24.8) | (29.1) |
| - Other investments | (48.4) | (39.8) | (41.4) | (71.1) | (40.9) |
| As at 31/12 | 3,394.1 | 3,523.2 | 3,973.8 | 3,109.9 | 2,423.2 |
| As at 01/01 | 3,523.2 | 3,973.8 | 3,109.9 | 2,423.2 | 2,009.1 |
| **Average capital employed** | **3,458.6** | **3,748.5** | **3,541.8** | **2,766.5** | **2,216.2** |

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Adjusted equity 31/12 | 1,725.9 | 1,809.1 | 2,088.6 | 2,115.7 | 1,907.0 |
| Adjusted equity 01/01 | 1,809.1 | 2,088.6 | 2,115.7 | 1,907.0 | 1,559.3 |
| **Average adjusted equity** | **1,767.5** | **1,948.8** | **2,102.2** | **2,011.4** | **1,733.2** |

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Earnings before tax (EBT) | (42.0) | (585.6) | (10.1) | 182.9 | 22.3 |
| / Average adjusted equity | 1,767.5 | 1,948.8 | 2,102.2 | 2,011.4 | 1,733.2 |
| **ROE (return on equity)** | **(2.4)%** | **(30.1)%** | **(0.5)%** | **9.1%** | **1.3%** |

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Total assets 31/12 | 4,976.8 | 5,214.6 | 5,525.0 | 5,322.8 | 4,163.0 |
| Total assets 01/01 | 5,214.6 | 5,525.0 | 5,322.8 | 4,163.0 | 3,121.1 |
| **Average total assets** | **5,095.7** | **5,369.8** | **5,423.9** | **4,742.9** | **3,642.0** |

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Earnings before interest and tax (EBIT) | 88.5 | (476.4) | 16.5 | 200.6 | 33.9[1] |
| / Average total assets | 5,095.7 | 5,369.8 | 5,423.9 | 4,742.9 | 3,642.0 |
| **ROI (return on investment)** | **1.7%** | **(8.9)%** | **0.3%** | **4.2%** | **0.9%[1]** |

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).

SUB-
CHAPTER

# MANAGEMENT REPORT

## CONSOLIDATED NON-FINANCIAL STATEMENT/ SUSTAINABILITY REPORT

**CONTENT**

# Sustainability key performance indicators

## Lenzing Group: Sustainability key performance indicators

Table 1

| | 2024 | 2023 | 2022[j] |
|---|---|---|---|
| **Raw material security** | | | |
| Proportion of wood source certified or controlled by forest certification | 100% | 100% | >99% |
| **Sustainable innovations (entity-specific)** | | | |
| R&D expenditure, calculated according to the Frascati method (EUR) | EUR 30.4 mn | EUR 31.6 mn | EUR 34.8 mn |
| Specialities share based on fiber revenue[a] | 92.6% | 78.9% | 70.9% |
| Specific[b] sulfur emissions to air (kg/t, 2014 = 100%) | 17% | 42% | 67% |
| Water intensity[c,d] (total water consumption per revenue $m^3$/EUR mn) | 5,075 | 4,823 | 3,152 |
| Specific[b] water emissions after wastewater treatment COD (Index in percentage based on kg/t, 2014 = 100%) | 71% | 79% | 90% |
| **Decarbonization[e]** | | | |
| GHG intensity[c,f] (market based) in million tons $CO_2$ eq. per revenue (mn t/EUR) | 0.00121 | 0.00115 | 0.00115 |
| Specific[b] GHG emissions index scope 1, 2 and 3[g] (index in percentage based on t $CO_2$ eq./t, 2017 = 100%) | 59% | 54% | 83% |
| **Employees** | | | |
| Number of employees[h] | 8,228 | 8,340 | 8,301 |
| **Health & safety** | | | |
| Rate of recordable work-related injuries (TRIFR)[h] | 1.1 | 0.7 | 0.6 |
| **Partnering for systemic change** | | | |
| Suppliers representing 80 percent spend with audit/internal assessment[i] (% spend) | 60% | 40% | |

a) Lenzing's specialty fibers are net-benefit products that offer positive impacts and benefits to society, the environment, and value chain partners.
b) Specific indicators are reported per unit of production by the Lenzing Group (i.e. pulp and fiber production volumes). This applies to all specific indicators in this report, except for specific GHG emissions (reported per ton of pulp and fiber sold).
c) New reported indicator due to adoption of ESRS requirements.
d) In 2024 water intensity increased slightly compared to 2023 due to higher production output and increased revenue.
e) Historical values of GHG intensity and specific GHG emissions index changed due to recalculation of scope 1 emsission for the years 2017 to 2023 and recalculation of scope 3 emissions in 2023.
f) In 2024 GHG intensity increased slightly compared to 2023 due to higher production volume and increased revenue.
g) Due to higher production volumes in 2024 compare to 2023 the specific GHG emissions increased form 54% to 59%.
h) Employees (incl. apprentices, excluding supervised workers) in Austria, the Czech Republic, United Kingdom, USA, China, Indonesia, India, Taiwan, Thailand, Türkiye, Korea, Singapore, Brazil, Germany and Italy.
i) 95 percent of its top suppliers representing 80 percent of spend via EcoVadis, the Together for Sustainability (TfS) Audit or an internal assessment/audit by 2025.
j) In 2022 the production sites in Prachinburi (Thailand) and Indianópolis (Brazil) were not included in the reporting scope as these plants have been in the start-up phase.

# Highlights of the year

## Strategic milestones

- Lenzing has validated its climate targets by the Science Based Targets initiative to align with the 1.5-degree Celsius limit of the Paris Agreement, making it one of the first in its industry with a scientifically validated net-zero target.
- Lenzing puts a natural gas-fired power plant into operation in Nanjing (China).
- Lenzing and TreeToTextile join forces for the next generation of cellulose fibers with the goal of reducing environmental impact through shared expertise and innovation.
- Lenzing expands its LENZING™ Lyocell Dry fiber portfolio to offer cellulose solutions for a wider range of applications that can be 100 % bio-based and biodegradable.
- Lenzing introduced an innovative concept using LENZING™ fibers and designed a biodegradable geotextile to protect glaciers from melting due to accelerating climate change and reduce microplastic pollution (Glacial Threads Project).
- Lenzing Grimsby, UK finished the construction of the upgraded wastewater treatment plant in phase 1, which is ready for operation in early 2025.

## Achievements

- TENCEL™ Modal and TENCEL™ Lyocell comply with the five steps of climate action and are ClimatePartner certified.
- Lenzing published a Biodiversity Policy and developed a Biodiversity Approach and Action Plan for the Group.
- Lenzing disclosed according to the recommendations of the Task Force for Nature -Related Financial Disclosures (TNFD) for the first time (see annex).
- Lenzing demonstrated its commitment to social sustainability by achieving high scores in the Higg Facility Social & Labor Module (FSLM), in most cases within the top quartiles of the respective country.
- Lenzing honours young researchers with the Young Scientist Award for excellent research work in the field of fibers and textiles.
- Launch of new employee resource group PrideAlliance@Lenzing.
- Two Lenzing lyocell sites and all three Lenzing viscose sites successfully completed their ZDHC Supplier to Zero Platform assessment.
- A program called EquiGen initiative was launched to increase gender diversity in areas where women are currently underrepresented at the Lenzing site, with a focus on increasing the proportion of women in operations and creating an inclusive and diverse work environment.
- Lenzing and Cobalt Fashion partner with Exponent Envirotech to revolutionize fashion with ECOHUES™ waterless dyeing technology for regenerated cellulose fibers.
- Lenzing teams up with Recyc Leather and GANNI to unveil new footwear materials made out of TENCEL™ Lyocell fibers and recycled leather fibers for high-end fashion applications.

## Ratings and awards

- Canopy: Lenzing achieved first place in the global 2024 Hot Button Ranking with a score of 33 out of 40, denoted with a “Dark Green” shirt .
- MSCI ESG: Lenzing receives rating of “A”.
- CDP 2024: Lenzing achieved “Climate A” for four years in a row, as well as ”Forest A-“ and “Water B” ratings for demonstrating strong transparency and integration of environmental considerations into its business strategy.
- EcoVadis CSR rating: Lenzing was awarded platinum status for the fourth consecutive year, placing it among the top one percent of the world’s most sustainable companies.
- Lenzing won the Biodiversity and Water Award at the CNMI Sustainable Fashion Awards 2024 with the pilot project “Glacial Threads: From Forests to Future Textiles”.
- Lenzing once again won the VÖNIX Sustainability Award from the Vienna Stock Exchange in the “Industrials” category.

# ESRS 2 General disclosures

# About the sustainability statement

[ESRS 2 BP-1; GRI 2-1, 2-2, 2-3]

This non-financial statement is the combined, consolidated, non-financial statement for the Lenzing Group[1] (in accordance with Section 267a of the Austrian Business Code (UGB)) and for Lenzing Aktiengesellschaft (in accordance with Section 243b UGB) as part of the management report.

The non-financial statement was prepared in accordance with the European Sustainability Reporting Standards (ESRS) in preparation for the reporting obligation under the CSRD and in line with the requirements of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). In addition, the statement was prepared in accordance with the Global Reporting Initiative (GRI) standards, also in the reporting period 01.01.2024 – 31.12.2024. A detailed GRI content index can be found on the website for the Annual and Sustainability Report 2024 of the Lenzing Group. In terms of indicators for which meaningful figures can be provided, separate data for Lenzing Aktiengesellschaft can be found in the Annex (in accordance with the legal requirements stipulated by the Austrian Sustainability and Diversity Improvement Act (NaDiVeG[2]) and the AFRAC recommendation.) Please note that comparative figures reported under GRI in the previous years were partly translated to measurement units required by ESRS. This could limit comparability with other GRI reports, such cases are noted in the GRI index.

This report covers all the fully consolidated legal entities of the Lenzing Group. Detailed information can be found in the Lenzing Group's Annual Report (note 3 and note 41). In addition to the fully consolidated legal entities of the Lenzing Group, the joint venture RVL Reststoffverwertung Lenzing GmbH, Lenzing, Austria is also included in the non-financial statement as Lenzing has operational control. Associates have been assessed and where relevant (and material) have been included in the corporate carbon footprint. In accordance with the legal requirements, the reporting cycle for Lenzing's sustainability performance is annual.

As the report fully complies with the ESRS for the first time, comparative information is not reported according to ESRS 1.136. Lenzing AG includes further information and key figures on the basis of the Taxonomy Regulation (EU) 2020/852.

To satisfy the decision-making needs of some of Lenzing's stakeholders, a decision was made to include two ESRS datapoints in this report, although they are not material: S1-8 Collective bargaining coverage and social dialogue and S1-10 Adequate wages.

For confidentiality reasons, Lenzing has omitted information regarding: numbers for specific loads as this requires total fiber and pulp production volumes for Lenzing production sites (ESRS E2-3 23 a); precise figures and description about energy consumption according to GRI 302-1 and 302-4.

[ESRS 2 BP-2; GRI 2-3, 2-4]

**Value chain**
For information on Lenzing's upstream and downstream value chain, please see the "Value creation of the Lenzing Group" section in this chapter. The transitional provision in ESRS 1 Chapter 10 was used for some of the required information on the value chain. Lenzing will make further efforts to this end. For the "S2 Workers in the value chain" chapter in particular, Lenzing does not yet have full insight into its value chain, which will have to be improved in the future.

The EU Taxonomy metrics are subject to assessment and estimates. For further information on the EU Taxonomy, please see the "Information on environmentally sustainable economic activities according to the EU Taxonomy Regulation" chapter.

The GHG emissions metric includes value chain data with estimated values. Information about the assumptions and level of accuracy is provided in the "Accounting principles" section (E1-6) in the "E1 Climate change" chapter.

**Changes in preparation or presentation of sustainability information**
Additionally, the metric for specific water use has changed from "$m^3$ per ton of produced pulp and fiber" as a percentage relative to the base year 2014 to water intensity in "$m^3$ per million EUR revenue". Similarly, the specific primary energy consumption metric has changed from "GJ per ton of produced pulp and fiber" to energy intensity in "MWh per revenue of high climate impact sectors". These new metrics are mandated by the ESRS. See the new metrics in the "E1 Climate change" and "E3 Water and marine resources" chapters.

A recalculation of 2017, 2021, 2022, and 2023 scope 1 GHG emissions was carried out due to a regulatory change affecting the Lenzing (Austria) site. Specifically, the fossil share of external waste being burned at the site was previously estimated but is now based on direct measurements. As the fossil share measured is higher than the estimate, this leads to a proportional increase in the fossil share and a reduction in the biogen scope 1 GHG emissions (by about 160 to 170 kilotons of $CO_2$ eq.).

[1] "The Group" (for better readability occasionally referred to as "Lenzing") comprises Lenzing Aktiengesellschaft and its subsidiaries.
[2] Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Section 243b, Section 267a UGB)

**Contact for inquiries**
Dr. Krishna Manda
VP Corporate Sustainability
Lenzing Aktiengesellschaft

4860 Lenzing
Austria

Phone: +43 7672 701-0

E-mail: sustainability@lenzing.com

All focus papers mentioned in this report can be found here: https://www.lenzing.com/investors/publications

**Incorporation by reference**

The following table 02 shows which disclosure requirements of the non-financial statement are incorporated by reference.

**Incorporation by reference** Table 2

| | |
|---|---|
| ESRS 2 GOV-1 paragraphs 22 b, 22 c i (GRI 2-12) | Annual report: Group Corporate Governance Report: Supervisory Board: Working procedures: ESG Committee |
| ESRS 2 GOV-1 paragraph 22 c iii | Annual report: Risk report: Risk management objectives |
| GRI 2-1 | Annual report: Lenzing Group locations; Annual report: Consolidated Financial Statements |
| GRI 2-2 | Annual report: Consolidated Financial Statements |
| GRI 2-9, 2-10, 2-11, 2-15, 2-18 | Annual report: Group Corporate Governance Report |
| GRI 2-19 | Remuneration reports (2024 report available from 20/03/2025) |
| GRI 2-20 | Remuneration policy |
| GRI 2-22 | Annual report: Letter from the CEO |
| GRI 2-28 | Focus paper "Stakeholder engagement" |

# Governance of sustainability

[ESRS 2 GOV-1; ESRS G1 ESRS 2 GOV-1; GRI 2-12, 2-13, 2-17, 405-1]

## Governance structure for sustainability

The Corporate Sustainability department reports directly to the Chief Executive Officer (CEO) of the Managing Board. In addition, an internal Managing Board level ESG committee has been established to accelerate the sustainability agenda in the company, with meetings held on a quarterly basis. Regular alignments on various topics take place with different functions to drive the integration of environmental, social and governance concerns into the company's business strategy and operations. General information on corporate governance and the composition of the company's bodies can be found in the Lenzing Group's Annual Report 2024 (Corporate Governance Report). The works council is also represented in the Supervisory Board.

**Sustainability organization** Figure 01


## Expertise of board members

All specialist areas (sector-, product-, market- and sustainability-specific) as well as specific subject knowledge (including sustainable innovations, renewable raw materials, climate and energy, circular economy and recycling, biodiversity, water management, transparency, business ethics, fair labor practices, equity, diversity and inclusion) are covered by the composition of the Supervisory Board and the Managing Board. ESG committee meetings are seen as a way of advancing the collective knowledge, skills, and experience of Lenzing's Managing Board on sustainable development.

At Lenzing, the Managing and supervisory Boards have access to sustainability-related expertise through the corporate sustainability department, which serves as the centre of excellence regarding sustainability matters and is complemented by subject matter experts from other departments. The specific knowledge of all experts is linked to the identified material topics. This guarantees that the leadership is well-equipped to oversee and manage sustainability matters effectively and that Lenzing's material risks and opportunities can be addressed accordingly. By aligning the sustainability efforts with the material topics, Lenzing is not only mitigating risks but also leveraging opportunities to create long-term business value.

## The role of the administrative, management and supervisory bodies related to business conduct

**Lenzing's mission of compliance**
Lenzing is a global company and acts in a compliant manner. The Compliance Management System is an integral part of the Lenzing Group's reporting system. The compliance function aims to advise and support all Lenzing employees, executives and managers through preventive risk-oriented measures and consistent detection and response processes, ultimately protecting them from the negative consequences of violations of laws and values.

Lenzing's compliance organization is transnational and composed of international experts led by the Group Compliance Officer, who reports directly to the Managing Board and the Supervisory Board. The Austrian Corporate Governance Code (ÖCGK) defines specific duties for the Managing Board, Supervisory Board and auditors. The overall responsibility for compliance lies with the Managing Board – it must ensure compliance with legal provisions and work towards their observance within the company (§ 15 ÖCGK). In addition, it must inform the Supervisory Board regularly, comprehensively and promptly about all issues relevant to the company and report at least once a year on precautions taken to combat corruption (§ 18a ÖCGK). Lenzing expects its employees to comply with its rules of conduct. They are also asked to be alert, examine carefully and report anything that can be improved or any violation of rules and values that is detected.

The Managing Board, Supervisory Board and Lenzing's employees take part in mandatory compliance training and are therefore well informed about business conduct matters. For more information about training, please see the "Compliance training" section (G1-3) in the "G1 Business Conduct" chapter.

## Composition and diversity of board members

**Individuals within the organization's governance bodies (Managing Board and Supervisory Board)** Table 3

| | 2024 | 2023 | 2022[a] |
|---|---|---|---|
| **Number of individuals, total** | **18** | **19** | **17** |
| Under 30 years | 0 | 0 | 0 |
| 30-50 years | 2 | 4 | 5 |
| Over 50 years | 16 | 15 | 12 |
| Female | 2 | 4 | 3 |
| Male | 16 | 15 | 14 |
| Percentage of individuals | | | |
| Under 30 years | 0% | 0% | 0% |
| 30-50 years | 11% | 21% | 29% |
| Over 50 years | 89% | 79% | 71% |
| Female | 11% | 21% | 18% |
| Male | 89% | 79% | 82% |
| | | | |
| Ratio of female to male | 0.1 | 0.3 | 0.2 |
| Executive members (Managing Board) | 4.0 | 4 | 3 |
| Non-executive members (Supervisory Board) | 9.0 | 10 | 9 |
| Representation by employees (Supervisory Board) | 5.0 | 5 | 5 |
| Percentage of independent Supervisory Board members (acc. to Austrian Code of Corporate Governance (ÖCGK) Appendix 1) | 100% | 100% | 100% |

a) The three Managing Board members in 2022 were erroneously not included in the 2022 report.

## Boards' responsibilities in managing impacts, risks and opportunities

The Managing Board is tasked with steering the company's strategic direction and operational management. This includes overseeing the implementation of policies and procedures to manage material impacts, risks and opportunities. Each member has specific areas of responsibility. The Supervisory Board provides additional oversight and ensures that the Managing Board is managing the company's risks and opportunities effectively. Regarding the management of ESG-relevant topics, the two ESG committees play an integral role in exercising oversight on the management processes. For example, both the Managing and Supervisory Boards were involved in the double materiality process and reviewed the results.

In the Managing Board, Lenzing's CEO Rohit Aggarwal is formally responsible for sustainability. For information on members of the Supervisory Board ESG committee, please see the "Working procedures of the Supervisory Board" section in the Corporate Governance report.

### Controls and procedures for the management of impacts, risks, and opportunities

The double materiality process, which informs the sustainability reporting, has to be updated annually. The updates are based on the input and analysis from experts in their various fields. Actions are taken and targets are set for different material topics, if deemed necessary. For information on target setting and the general target governance process, please see the "Sustainability targets, measures and progress" section in this chapter. For information on the management of risks and opportunities, please see the "Risk management objectives" section in the risk report. Most of the material ESG risks and opportunities are already part of the risk management system, and relevant new risks will be added successively.

## ESG committees

[ESRS 2 GOV-2; GRI 2-12, 2-14, 2-18]

Sustainability is a core value proposition to customers, and a business and innovation driver for the Lenzing Group. The company is increasingly leveraging its sustainability work by positioning itself using net-benefit products (e.g. LENZING™ ECOVERO™), key ratings (for investors) and benchmarking tools at the wider industry level. To support these efforts, a Managing Board level ESG committee has been installed to accelerate implementation of the sustainability agenda by aligning across functions, and is responsible for the sustainability strategy and execution of ESG topics. This committee meets once per quarter. The key objectives are to formulate and execute the company's sustainability vision, strategy and ESG benchmarks and tools. The ESG committee (figure 02) consists of the Managing Board and heads of different functions, who review the progress of the sustainability targets, evaluate the effectiveness of Lenzing's approach to managing all aspects of sustainability, including risks and opportunities, and make long-term strategic decisions. The corporate sustainability department leads and is an integral part of the committee. It works closely with several functions to ensure the integration of sustainability aspects in various business processes, respond to stakeholder needs and expectations, and prepare the organization to be future-fit.

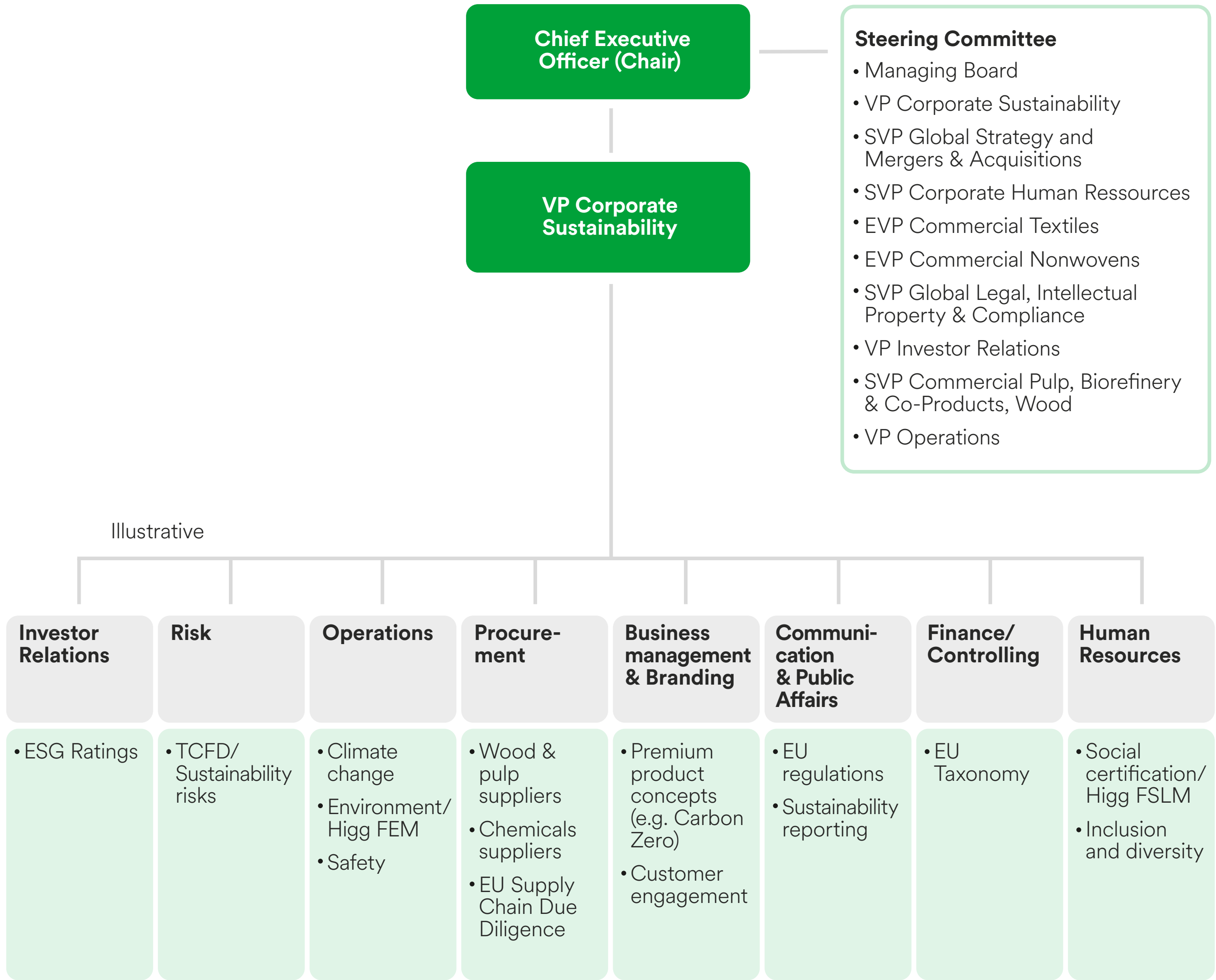
In 2023, the Supervisory Board established an ESG committee in order to exercise oversight over ESG topics in relation to strategy, sustainable business success and transformation. This committee is intended to support the Executive Board, the full Supervisory Board, the Audit Committee and the Strategy, Growth and Innovation Committee on issues relating to non-financial reporting and strategic ESG topics. The committee meetings are intended to take place at least twice a year.

In these meetings the committee members are informed by the VP Corporate Sustainability, who is formally responsible for the Corporate Sustainability Department at the Lenzing Group, and heads of other relevant functions about material impacts, risks and opportunities. Furthermore, they are presented with topics such as climate, product footprint, diversity, equity & inclusion, ESG-governance, and non-financial reporting in these periodic meetings. Many material topics and additional relevant information are covered such as drivers, potential gaps, required actions, targets, upcoming regulations and stakeholder demands. Due to this holistic view, trade-offs also emerge in the discussion and decisions are made accordingly.

In 2024, the Managing Board and Supervisory Board addressed the following topics during the ESG-committee meetings:

- Customer engagement (e.g. climate mitigation)
- Sustainability target updates
- ESG strategy, governance and regulations
- Facility Social Labor Module (FSLM) (own workforce insights)
- Diversity, Equity and Inclusion, Employee Resource Groups (ERG)
- Life Cycle Assessment (LCA) and climate footprint (sustainable innovations)
- Biodiversity approach and action plan
- Industry ratings and benchmarks, such as the Carbon Disclosure Project (CDP) (water, supplier engagement /sourcing, climate change)
- Non-financial reporting according to ESRS/CSRD
- Double materiality
- EU Taxonomy approach

**Managing Board ESG Committee structure** Figure 02




For information on the Lenzing Group's governance structure, please refer to the Lenzing Group's Annual Report (Corporate Governance Report).

For information on the frequency of alignment of the administrative, management and supervisory bodies, please see the "Sustainability organization" figure in the "Governance structure for sustainability" section of this chapter.

## Board remuneration linked to sustainability performance

[ESRS 2 GOV-3. ESRS E1 ESRS 2 GOV-3; GRI 2-19 b]

The Remuneration Policy of Lenzing AG for the performance-based remuneration of the Managing Board is linked to both financial performance and non-financial sustainability criteria (ESG), which further promote the integration of sustainability in the business strategy. Therefore, in addition to the existing criteria, the long-term incentive (LTI), which is a variable performance bonus, has been expanded to include sustainability targets for Managing Board members. Further information can be found in the remuneration reports (the report for 2024 will be available from March 20, 2025 onwards).

The proportion of variable remuneration dependent on sustainability-related targets and/or impacts is for the Chairperson of the Managing Board 6 to 10 percent and Member 4 to 7 percent. The remuneration of the Managing Board is approved and updated by the Remuneration Committee of the Supervisory Board.

Specific targets and their metrics connected to the Board's LTI remuneration for different three-year tranches are as follows:

- "ZDHC lyocell" target: "To achieve 'aspirational' MMCF level for ZDHC wastewater and responsible production guidelines at Lenzing lyocell facilities by 2028"
- "Wastewater" target: "To improve the Lenzing Group's specific wastewater emissions (COD) by 20 percent by 2024 (baseline 2014)"
- Linked remuneration target relating to the "Previous near-term science-based target": "Lenzing reduces 40 percent of specific GHG emissions per ton of pulp and fiber sold by 2024", as well as "Lenzing reduces 45 percent of specific GHG emissions per ton of pulp and fiber produced by 2026".

- Measure of “Equity, Diversity and Inclusion” target: “Lenzing increases its proportion of women to 22.5 percent in all positions graded 5a and above by 2025”
- Measure of “Equity, Diversity and Inclusion” target: “Lenzing achieves an improvement averaging three percentage points across the seven categories, including the Inclusion Index, in the global Health Climate Survey by 2026”

#### Climate-related performance

The climate-related performance has been assessed against the “Previous near-term science-based target”, one of the GHG emission reduction targets reported under E1-4; more specifically, the linked remuneration target: “Lenzing reduces 40 percent of specific GHG emissions per ton of pulp and fiber sold by 2024”, as well as “Lenzing reduces 45 percent of specific GHG emissions per ton of pulp and fiber produced by 2026”.

In 2024, one Managing Board member was entitled to remuneration linked to a climate-related target/performance indicator. The percentage share of the remuneration in 2024, based on the 2022 tranche, amounted to 2.3 percent of this member’s total remuneration.

## Statement on due diligence

[ESRS 2 GOV-4]

**Statement on due diligence** Table 4

| CORE ELEMENTS OF DUE DILIGENCE | CHAPTERS IN THE SUSTAINABILITY STATEMENT |
|---|---|
| a) Embedding due diligence in governance, strategy and business model | ESRS 2 General disclosures: |
| | Governance structure for sustainability (ESRS 2 GOV-2) |
| | Board renumeration linked to sustainability performance (ESRS 2 GOV-3) |
| | Material impacts, risks and opportunities (ESRS 2 SBM-3) |
| | E1 Climate change: Risk and opportunity assessment (ESRS E1 ESRS 2 SBM-3) |
| | E4 Biodiversity and ecosystems: Resilience assessment (ESRS E4 ESRS 2 SBM-3) |
| | S1 Own workforce: Impact, risk and opportunity management (ESRS S1 ESRS 2 SBM-3) |
| | S2 Workers in the value chain: Strategy (ESRS S2 ESRS 2 SBM-3) |
| | S4 Consumers and end-users: Product assurance for (in)direct customers (ESRS S4 ESRS 2 SBM-3) |
| b) Engaging with affected stakeholders in all key steps of the due diligence | ESRS 2 General disclosures: |
| | Governance structure for sustainability (ESRS 2 GOV-2) |
| | Partnering for systemic change (ESRS 2 SBM-2) |
| | Stakeholders' own workforces and strategy (ESRS S1 ESRS 2 SBM-2) |
| | Stakeholders' workers in the value chain and strategy (ESRS S2 ESRS 2 SBM-2) |
| | Stakeholders' consumers & end-users and strategy (ESRS S4 ESRS 2 SBM-2) |
| | Double materiality analysis (ESRS 2 IRO-1) |
| | In each material topical chapter (E1-E5, S1, S2, S4, G1) and entity-specific chapter (Sustainable innovations, Transparency): |
| | Stakeholder Engagement |
| c) Identifying and assessing adverse impacts on people and the environment | ESRS 2 General disclosures: |
| | Double materiality analysis (ESRS 2 IRO-1) |
| | Material impacts, risks and opportunities (ESRS 2 SBM-3) |
| | E1 Climate change: Risk and opportunity assessment (ESRS E1 ESRS 2 SBM-3) |
| | E4 Biodiversity and ecosystems: Resilience assessment (ESRS E4 ESRS 2 SBM-3) |
| | S1 Own workforce: Impact, risk and opportunity management (ESRS S1 ESRS 2 SBM-3) |
| | S2 Workers in the value chain: Strategy (ESRS S2 ESRS 2 SBM-3) |
| | S4 Consumers and end-users: Product assurance for (in)direct customers (ESRS S4 ESRS 2 SBM-3) |
| d) Taking actions to address those adverse impacts on people and the environment | In the following material topical chapters (E1-E5, S1, S2, S4, G1) and the entity-specific chapter Transparency |
| | Actions |
| | E1 Climate change: Climate action plan (E1-1) |
| | E4 Biodiversity and ecosystems: Strategy development (E4-1) |
| | Sustainable innovations (entity-specific): Sustainability drives innovation; Net-benefit concepts; Research Collaborations |
| | G1 Business conduct: Sourcing (G1-2) |
| e) Tracking the effectiveness of these efforts and communicating | In each material topical chapter (E1-E5, S1, S2, S4, G1) and entity-specific chapter (Sustainable innovations, Transparency): |
| | Metrics and targets |

## Risk management and internal controls over sustainability reporting

[ESRS 2 GOV-5; GRI 2-12]

The Sustainability Report process falls under the co-ownership of Corporate Sustainability and Corporate Communications. Lenzing is currently working on a formal sustainability reporting process document that also addresses the topic of internal controls. The sustainability reporting process focuses on the steps that are necessary to generate sustainability reporting and excludes processes that lie within other departments (e.g. data quality).

Lenzing's Enterprise Risk Management (ERM) system encompasses a holistic approach integrating sustainability reporting. The system includes a Monte Carlo simulation for risk and opportunity analysis (for quantitative assessment), integration of ESG-related risks and opportunities, and climate-related risk assessments in line with TCFD recommendations. The ERM process involves half-yearly risk interviews with relevant internal stakeholders at the Group and site levels, risk aggregation, as well as risk reporting to the Board and the Audit Committee of the Supervisory Board.

Lenzing's ERM approach is inspired by the COSO™ ERM framework and combines top-down and bottom-up methodologies. Top-down analysis involves coordination with the Managing Board (to identify top risks and assumptions. Bottom-up analysis includes risk interviews with Site and Corporate Function Risk Managers. Risks are evaluated based on their frequency and financial impact, using quantitative and qualitative assessments. The risk prioritisation methodology, when it comes to risk-based strategic investment planning, includes the Risk of Non-Investment (RoNI) assessment, considering factors such as health and safety, environment, business interruption, legal, and reputation.

Sustainability reporting is exposed to the risk of misstatement due to human error or incomplete data. Lenzing has implemented a number of controls to manage this risk:

- Sustainability reporting requirements check by core project team
- Experts from Corporate Sustainability review the chapters relating to their topics, perform cross-checks of other chapters (dual-control principle), proofread German/English versions (dual-control principle), and cross-check content created for the website and media content (dual-control principle)
- The Managing Board ESG committee reviews and approves the most important content for disclosure. The Supervisory Board ESG committee reviews the final draft, and gives recommendation for report approval and sign-off to the audit committee
- Lenzing's external auditor provides limited assurance on the sustainability reporting (please see the limited assurance statement in the "Independent Assurance Report on the Non-financial Reporting according to §§ 243b and 267a UGB" section in the annex).

The results of the half-yearly ERM process are integrated into relevant internal functions and processes through a structured Group-wide ERM strategy and process. This includes the roles and responsibilities defined for Corporate Risk Management, Site and Corporate Function Risk Managers, and other stakeholders, with cross-functional collaboration to maintain a holistic view of risks and opportunities. In addition, risks are assigned to risk owners, who are responsible for identifying and assessing risks and for defining and implementing appropriate risk mitigation measures and strategies. The ERM strategy, process and organization are defined in the Lenzing Group's ERM procedure, which is implemented throughout the organization and the subject of periodic training.

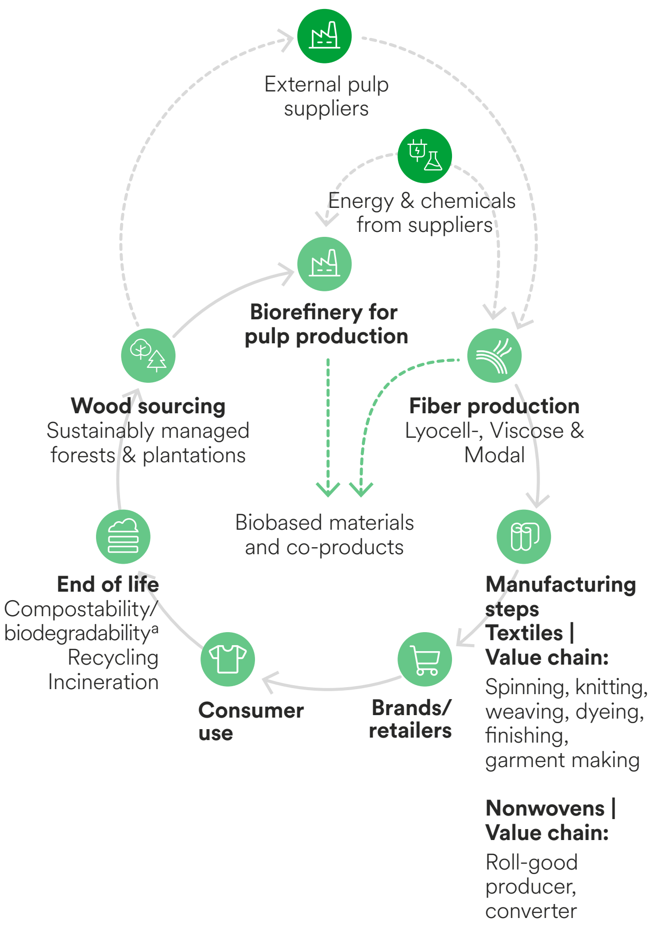
The findings from the risk assessment are reported twice a year to the Managing Board and the Audit Committee of the Supervisory Board. The risk report summarises the top risks, mitigation measures, and overall risk position of the Lenzing Group.

[ESRS 2 SBM-1; GRI 2-6, 201-1]

# Value creation at the Lenzing Group

The Lenzing Group is committed to the ecologically responsible production of fibers made from the renewable raw material of wood grown in sustainably managed forests and plantations. As an innovation leader, Lenzing partners with global textile and nonwoven manufacturers and drives many new technological developments.

**Value chain** Figure 03




a) Applies to TÜV certified biodegradable and compostable LENZING™ fibers. The compostability and biodegradability of final consumer textile and nonwoven products depend on the material composition (fiber blend) and processing in the value chain steps.

The Lenzing Group is part of the chemical industry and serves the fiber market with regenerated cellulose fibers. Lenzing fibers are used primarily for clothing, home textiles, technical textiles, and hygiene products. Lenzing's product portfolio also includes dissolving wood pulp, which is the basic raw material for producing fibers, innovative specialty fibers as well as energy, biobased biorefinery products, and co-products. The significant product groups according to ESRS are regenerated cellulose fibers and dissolving wood pulp.

Lenzing's own pulp production at its sites in Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil) is based on the biorefinery concept, completely utilizing the raw material of wood.

Lenzing combines comprehensive expertise in operating pulp and biorefinery processes with decades of experience in three major fiber process technologies:

- Viscose (rayon)
- Modal
- Lyocell

Further developments and technologies have resulted from the above-mentioned processes. For more information on significant products (which are also related to Lenzing's sustainability targets), please see the "Net-benefit concept" section in the "Sustainable innovations" chapter and the Lenzing website.

The Lenzing Group's value chain is depicted on the left and described below.

### Supply and sourcing

The principal raw materials for producing Lenzing's fibers are wood, process chemicals, water and energy. Lenzing has procurement contracts for those raw materials. Wood is sourced mostly from suppliers under long-term supply contracts as well as from Lenzing's own plantations. Chemicals are mostly sourced regionally.

Lenzing focuses on sustainable sourcing. Supplier selection and evaluation are based on economic, quality, environmental, social and governance (ESG) criteria.

The identified (potential) impacts, risks and opportunities within Lenzing's upstream value chain take forestry and the chemical industry into account.

**Dissolving wood pulp and cellulose fiber production**
Production takes place in two stages: first, the production of dissolving wood pulp, and second, the production of fibers based on dissolving wood pulp. Lenzing's own dissolving wood pulp is produced in three biorefineries at sites in Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil). Lenzing aims to use state-of-the-art sustainable production technology.

This entails high resource efficiency, high chemical recovery rates and, where possible, closed loops for process chemicals and water.

Bioenergy, biorefinery products and co-products are generated as well. Lenzing combines its comprehensive expertise in pulp and biorefinery technologies with decades of experience in cellulose fiber production.

**Downstream manufacturing**
As shown in figure 03 under "Manufacturing steps", the customers in Lenzing's downstream value chain use the fibers to manufacture textile, nonwovens, or industrial products.

Lenzing works closely with value chain partners ranging from direct customers to the retail level in the textile and nonwovens sector and for industrial applications - to provide expertise in processing as well as in developing innovative applications.

The identified (potential) impacts, risks and opportunities within 'Lenzing's downstream value chain take the processes of the textile and nonwoven industries into account. For more information on the impacts, risk and opportunities, please see the "Material impacts, risks and opportunities" section of this chapter.

**Distribution and use phase**
Finished products are distributed after manufacturing and enter the consumer use phase.

**End of life**
As the name suggests, TÜV certified biodegradable and compostable LENZING™[3] fibers are compostable and biodegradable. However, the compostability and biodegradability of final consumer textile and nonwoven products depend on the material composition (e.g. fiber blend) of the product and processing in the value chain.

For more information about geographies, stakeholders and products in relation to sustainability targets, please see the target description in the "Sustainability targets, measures and progress" section of this chapter.

## Expected outcomes for customers, investors and nature

Lenzing's responsible practices and innovative products enable its customers and value chain partners to improve their environmental and social performance and achieve their sustainability targets and commitments.

Lenzing AG offers its shareholders a sustainable investment in a global market leader on the growth market for wood-based cellulose fibers. For further information for investors, please see Lenzing's equity story on the website.

Nature is also Lenzing's silent stakeholder. Lenzing has a particular responsibility and an ambition to help raise the bar for sustainability in the textile and nonwovens industries. Nature is represented by many NGOs and multi-stakeholder initiatives that Lenzing partners for collaboration.

[3] LENZING™ fibers which are TÜV certified biodegradable (soil, fresh water & marine) and compostable (home & industrial) include the following products: LENZING™ Viscose Standard textile/ nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. There is an exception for the TÜV certified biodegradable & compostable fiber LENZING™ Lyocell Filament, which fulfils the above-mentioned conditions except biodegradability in marine environments.

## Lenzing Group: Distribution of value creation

Table 5

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Value creation** | EUR 695.1 mn | EUR 26.3 mn | EUR 527.6 mn |
| **Economic value creation**[a] | | | |
| Employees[b,c] | EUR 537.5 mn | EUR 464.4 mn | EUR 449.5 mn |
| Retained earnings | EUR 138.3 mn | EUR −593.0 mn | EUR −37.2 mn |
| Public sector[d] | EUR 114.4 mn | EUR 23.0 mn | EUR 42.6 mn |
| Shareholders (dividends)[e] | EUR 0.0 mn | EUR 0.0 mn | EUR 0.0 mn |
| Lenders[b,f] | EUR 181.4 mn | EUR 131.9 mn | EUR 72.7 mn |
| ROCE (return on capital employed)[b,g] | 3.6% | −14.2% | 2.0% |
| Adjusted equity ratio[g] | 34.7% | 34.7% | 37.8% |
| Revenue | EUR 2,663.9 mn | EUR 2,521.2 mn | EUR 2,565.7 mn |
| Revenue division fiber | EUR 2,033.0 mn | EUR 1,841.0 mn | EUR 2,093.8 mn |
| Revenue division pulp | EUR 0,627.6 mn | EUR 0,676.1 mn | EUR 0,466.9 mn |
| EBITDA (earnings before interest, tax, depreciation and amortization)[b] | EUR 0,395.4 mn | EUR 303.3 mn | EUR 241.9 mn |
| Sales volume fibers (t) | 962,000 | 841,000 | 814,430 |

a) Value creation within the Lenzing Group is calculated as the company's business performance minus the cost of materials, other expenses, depreciation and amortization. The distribution of value creation shows the extent to which it is distributed among stakeholders such as employees, the public sector, and lenders.
b) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the Lenzing Group consolidated financial statements 2022).
c) Personnel expenses less municipal taxes.
d) Income tax expenses plus asset taxes and similar taxes plus municipal taxes.
e) Based on the proposed distribution of profits.
f) Financing costs less net foreign currency gain/losses from financial liabilities.
g) The above mentioned financial indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group. Additional details are provided in the "Notes on the financial performance indicators of the Lenzing Group" section, in the glossary to the Annual Report and in the consolidated financial statements of the Lenzing Group.

## Employees 2024

Table 6

| **Employees per country and in head count** | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total number of employees** | **8,228** | **8,340** | **8,301** |
| Austria | 3,511 | 3,541 | 3,675 |
| Brazil | 1,236 | 1,195 | 945 |
| Indonesia | 1,342 | 1,474 | 1,523 |
| Czech Republic | 541 | 525 | 491 |
| China | 816 | 818 | 867 |
| USA | 212 | 217 | 222 |
| UK | 225 | 234 | 225 |
| Thailand | 269 | 269 | 280 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 76 | 69 | 73 |

# Sustainability strategy – “Naturally Positive”

**OUR SUSTAINABILITY VISION**

Our passion is to provide truly sustainable solutions for a growing world. We create a positive impact for the people we work with, the consumers we serve, and the society and environment in which we operate. In doing so, we are commercially successful.

**OUR SUSTAINABILITY MISSION**

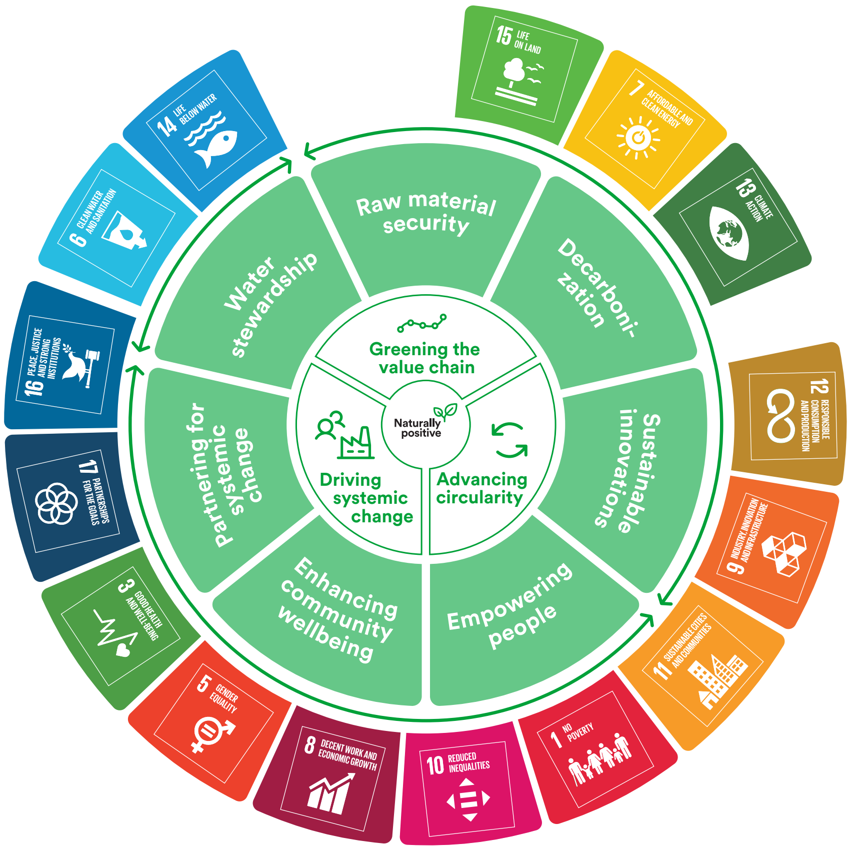
We are change agents and collaborate with our suppliers and value chain partners to catalyze change for the better. We actively contribute towards improving environmental performance throughout the value chain and, consequently, in final products. We promote social wellbeing. Creation of more positive impacts and benefits is the guiding light for our innovation and business practices.

Lenzing’s defined sustainability mission and vision act as guide to making better choices in everything it does – from the small decisions of everyday business to strategic and long-term decisions.

“Naturally Positive”, the Lenzing Group’s sustainability strategy is firmly rooted in the Lenzing Group’s new “Better Growth” strategy which was developed in 2022. Within the four strategic drivers (sustainability, innovation, premiumization and excellence), the corporate strategy defines the sustainability areas in which Lenzing can do most to create a more sustainable world. At the same time, this approach enables Lenzing to adequately consider and contribute to those United Nations’ Sustainable Development Goals (SDGs) on which the ’company’s activities have the greatest impact.

For further information, please see the “Sustainability Strategy” focus paper and the “SDG” focus paper.

**Strategic focus areas of sustainability and the corresponding SDGs** Figure 04



## Three strategic principles

Lenzing's sustainability strategy builds on three strategic principles. Within those principles, seven focus areas were identified in which the Lenzing Group substantially contributes to creating positive impacts and benefits.

**1. Driving systemic change**
Complex global challenges call for a collaborative approach to designing systemic solutions that involve many stakeholder groups. As a leader in regenerated cellulose fibers, Lenzing has a particular responsibility and an ambition to help raise the bar for sustainability in the textile and nonwoven industries. Transparency and traceability are prerequisites for fostering trust and building long-term relationships. With its contributions to developing industry-wide methods, tools, and approaches, Lenzing is helping the industry to progress on its sustainability roadmap by overcoming critical challenges. Industry benchmarking tools such as ZDHC (Zero Discharge of Hazardous Chemicals) and FSLM (Facility Social Labor Module), concrete sustainability targets, supplier engagement, and physical and digital traceability tools contribute to this change.

**2. Advancing circularity**
According to Lenzing's circular economy vision, "We give waste a new life. Every day", Lenzing drives the industry towards a fully-fledged circular economy by striving to give waste a new life in all aspects of its core business and by co-developing circular solutions with potential partners in and outside the current value chain to close loops wherever possible. This vision is based on Lenzing's determination to create value using as few virgin resources as possible and reduce the use of fossil carbon in the company and the value chain while improving sustainability performance.

The company unites the cellulose fiber cycle of its wood-based products (biological cycle) with its innovative technologies that focus on closing loops in the production and recovery of raw materials and chemicals (technical cycle).

Dedicated targets for the development of recycled content-based fibers and circular business models with value chain partners contribute to this principle. For more information, please see the "E5 Resource use and circular economy" chapter.

**3. Greening the value chain**
Lenzing's responsible practices and innovative products enable its customers and value chain partners to improve their environmental and social performance and achieve their sustainability targets and commitments. Responsible sourcing practices, water stewardship, decarbonization, and sustainable innovations form the basis of Lenzing's efforts in greening the value chain. The sustainability targets for air emissions, water emissions, pollution, and climate protection are the cornerstones of Lenzing's responsible entrepreneurship and act as innovation drivers.

The main challenge ahead relates to Lenzing's climate action plan. Currently, there are many barriers to executing the action plan. These include the availability and accessibility of grid-based renewable electricity, costs of renewable fuels (green hydrogen, ammonia) that are not equal to those of fossil-based electricity and fuels, the lack of a level playing field for low carbon products, and the willingness of business partners to share costs and risks of investments.

For further information on Lenzing's sustainability strategy, strategic principles, and focus areas, please see the "Sustainability strategy" focus paper.

## Sustainability policy

In the Sustainability Policy, which has been approved by the Excutive Committee, Lenzing commits to improving sustainability performance, resource efficiency, and decarbonization along the entire value chain. Lenzing aims to embed best sustainability practices, lifecycle and long-term thinking, transparent and respectful collaboration and partnerships with its stakeholders in all activities and business decisions to meet society's long-term goals. Lenzing continuously identifies, assesses and manages environmental risks, opportunities and impacts and regularly monitors, reviews and reports on progress. Lenzing is committed to the Paris climate agreement (COP 21) and the United Nations Framework Convention on Climate Change (UNFCCC), promoting decarbonization, as well as the conservation of natural resources, energy, and biodiversity. Additionally, Lenzing upholds human rights and labor, reflecting its dedication to internationally recognized sustainability and ethical practices. Lenzing's approach is creating more positive impacts and benefits thanks to its business practices and products to make the world a better place. This covers the three dimensions of PEOPLE, PLANET and PROFIT, balancing the needs of society, the environment, shareholders and partners. The Sustainability Policy is available on Lenzing's website.

# Sustainability targets, measures and progress

[ESRS 2 GOV-1 22 d, ESRS 2 MDR-T 80 g, j; GRI 3-3 e, f]

Lenzing has set Group sustainability targets for the most important challenges in each of its strategic focus areas. To increase transparency, the corresponding implementation measures and target progress made during the reporting year are described below.

### Target setting

Lenzing continuously assesses performance gaps, stakeholder expectations, upcoming regulations, the corporate strategy for value levers, ratings and scientific development and evidence, and formulates new measures and targets to further improve Lenzing's sustainability agenda. The base of all environment-related targets is based on scientific evidence. The corporate sustainability department works in close collaboration with various other relevant functions across the organization to define Lenzing's sustainability targets. The targets are then approved by the Managing Board.

At Lenzing, a systematic target governance process is in place to ensure the effective monitoring and progress of sustainability targets. Each target has a Managing Board level sponsor, who nominates a target owner considering the relevant expertise and responsibility for specific areas. The target owner identifies a relevant target lead to ensure effective implementation. The monitoring process involves quarterly meetings between the corporate sustainability department and the target owners and leads. During these meetings, the progress, challenges, and status of all sustainability targets and corresponding measures are discussed. The outcome is then presented to the Managing Board ESG committee and if necessary, appropriate improvement measures are defined to address any issues. Additionally, the achievement levels as well as the ability to fulfill the targets are evaluated annually considering the market context, and the regulatory environment and targets are then further refined if needed.

| Color code status | |
|---|---|
| | On track |
| | Achieved |
| | Delayed |
| | New target |
| | Measures implemented |

**Sustainability targets, measures and progress** Table 7

| | | Target year | SDG |
|---|---|---|---|
| **Sustainable innovations (entity-specific)** | | | |
| **Air emissions** | **To improve the Lenzing Group's specific sulfur emissions by 50 percent by 2023 (baseline 2014)[a]** | **2023 Achieved** | **12** |
| Measure(s) | Lenzing implements a carbon disulfide adsorption plant (CAP) upgrade at the Purwakarta plant (Indonesia) | **2023 Achieved** | |
| Progress made in 2024 | The carbon disulfide adsorption plant (CAP) in the Purwakarta plant (Indonesia) was succesfully implemented and started operating in July 2023. Viscose fibers from this plant are now EU Ecolabel certified. After being in operation for more than a year, the installed CAP contributed to a corresponding reduction in sulfur emissions. Hence, the "Air emission" target was achieved in 2024. | | |
| **Textile recycling** | **Increasing the share and types of alternative feedstocks, e.g. by using recycled textile waste or agricultural waste until 2030** | **2030 On track** | **9, 12, 17** |
| Measure(s) | Increasing recycled content in viscose and lyocell fiber types from 20 percent to minimum 30 percent from post-consumer waste on a commercial scale by 2030 | **2030 On track** | |
| | Innovating the use of at least 5 alternative feedstocks providers (e.g. from recycled textiles and agricultural waste) until 2030 | **2030 On track** | |

| | | | |
|---|---|---|---|
| Progress made in 2024 | Lenzing has continued its efforts to strengthen technology for reusing cotton-rich textile waste in textile fiber production. Solid efforts have been made to prepare for the treatment of increasing available volumes of post-consumer household textile waste, driven by upcoming EU regulations forcing collection and treatment according to the waste hierarchy. However, the challenging economic environment, price pressures in the textile value chain, lack of demand from the market, and the substantial investment required to scale up a Textiles recycling network have triggered a change in the ambition level and reformulation of the orginal target from "To offer viscose, modal and lyocell staple fibers with up to 50 percent post-consumer recycled content on a commercial scale by 2025" to "Increasing the share and types of alternative feedstocks, e.g. by using recycled textile waste or agricultural waste until 2030" with an extended timeline. The target year has also been extended by five years to take account of these challenges. Along with this change in the target, the measures used to track the progress have been updated as well, moving from "All fibers with recycled content offered by Lenzing contain a share of post-consumer waste" to "Increasing recycled content in viscose and lyocell fiber types from 20 percent to minimum 30 percent from post-consumer waste on a commercial scale by 2030" and from "Lenzing increases the recycled content from 30 to 40 percent for fibers produced with REFIBRA™ technology for textiles" to "Innovating the use of at least 5 alternative feedstocks providers (e.g. from recycled textiles and agricultural waste) until 2030" with an extended timeline. Despite these challenges, Lenzing consistently offers LENZING™ ECOVERO™ x REFIBRA™ fibers with 20 percent recycled content on a commercial scale. The cooperation with Södra on Textiles Recycling has also continued successfully throughout this year. | | |
| **Circular Business Model** | **To innovate a new circular business model by closing the loops for post-consumer materials and partner with 15 key supply chain companies by 2025** | **2025 On track** | **9, 12, 17** |
| Progress made in 2024 | Lenzing is pioneering innovative business models focused on circularity, encompassing all aspects from chemical textile recycling, such as their collaboration with Södra, to integrating various recycling technologies. In 2024, for instance, Recyc Leather and Lenzing combined recycled leather fibers with TENCEL™ Lyocell fibers to develop a next-generation material for footwear, which was utilized by the Danish contemporary brand GANNI. As another example, Lenzing and an innovative network of partners have developed a concept for recycling geotextiles made from Lenzing nonwoven fibers. After the geotextiles successfully protected a glacier field from melting in summer, instead of being disposed they were collected and recycled into a fashionable 'Glacier Jacket' garment. Additionally, the reuse and resultant minimization of residues from different recycling methods are being evaluated. Due to current market challenges towards circularity such as the lack of demand from the market the number of key supply chain partners has been reduced from 25 to 15. | | |
| **ZDHC viscose** | **To achieve 'aspirational' MMCF level for ZDHC wastewater and air emission guidelines at Lenzing viscose facilities by 2026** | **2026 On track** | **6, 12** |
| Progress made in 2024 | Lenzing viscose sites have continuously implemented the ZDHC MMCF guideline in its revised version 2.2 and Lenzing is actively engaged in the MMCF version 3 revision. The implementation of the wastewater guideline continued in 2024. In addition to the "Wastewater" and "Air emission" targets all Lenzing viscose sites completed their first Supplier to Zero Platform assessment and successfully achieved the overall performance at 'aspirational' level. | | |
| **ZDHC lyocell** | **To achieve 'aspirational' MMCF level for ZDHC wastewater and responsible production guidelines at Lenzing lyocell facilities by 2028[b]** | **2028 On track** | **6, 12** |
| Measure(s) | First ZDHC Gateway reporting of MMCF wastewater guideline v2 at all lyocell sites[c] in 2023 | **2023 Achieved** | |
| | First supplier platform implementation and reporting of MMCF Guideline v2 - Responsible fiber production at all lyocell sites[c] in 2023 | **2023 Achieved** | |
| | Lenzing lyocell sites[c] achieve 'aspirational' level for wastewater and responsible production | **2025 On track** | |
| | Lenzing site in Grimsby (UK) achieves 'foundational' level for wastewater and responsible production | **2026 On track** | |
| | Lenzing site in Grimsby (UK) achieves 'aspirational' level for wastewater and responsible production | **2028 On track** | |
| Progress made in 2024 | The implementation is on track with all lyocell sites registered for reporting in 2023. Lyocell sites carried out the wastewater testing and completed the MMCF assessment on the Supplier to Zero platform in 2024. However, due to the absence of ZDHC certified labs in the USA and UK, the wastewater testing at these two sites was unable to be carried out in 2024.<br>The remaining sites completed the reporting on the ZDHC gateway, the assessment on the ZDHC Supplier platform and have achieved 'aspirational' level. The Grimsby (UK) site target to achieve 'foundational' level has been adjusted from the target year 2025 to 2026 due to supply chain disruptions stemming from global issues and technical challenges. However, the site has already made significant progress and will have a modern WWTP ready for start-up in the beginning of 2025. | | |
| **Water stewardship** | | | |
| **Wastewater** | **To improve Lenzing Group's specific wastewater emissions (chemical oxygen demand (COD)) by 20 percent by 2024 (baseline 2014)[a,b]** | **2024 Delayed** | **6, 12** |
| Measure(s) | Lenzing implements a wastewater treatment plant upgrade at the Purwakarta site (Indonesia) | **2023 Achieved** | |
| | Lenzing implements a new wastewater treatment plant at the Grimsby (UK) site | **2024 Measures implemented** | |
| Progress made in 2024 | Construction of the wastewater treatment plant in Purwakarta (Indonesia) took place in 2023, and the start-up completed at the beginning of 2024. The wastewater treatment plant project in Grimsby (UK) remains on track and commissioning of the plant has begun. It will move into beneficial operation at the start of 2025, paving the way for ZDHC target fulfillment. However, the COD reduction target could not be achieved in 2024, since it needs full year operation of the Grimsby (UK) wastewater treatment plant. | | |

| | | | |
|---|---|---|---|
| **Raw material security and biodiversity** | | | |
| **Conservation project Albania** | **To implement a conservation solution of 20 ha in Albania in combination with a social impact project by 2024** | **2024 Achieved** | **1, 15** |
| Measure(s) | Lenzing reforests 20 ha of degraded land in Albania | **2024 Achieved** | |
| | Lenzing establishes a training center for local communities in Albania | **2024 Achieved** | |
| | Lenzing supports interdisciplinary vocational trainings and school partnerships in Albania | **Yearly Achieved** | |
| Progress made in 2024 | In 2023, the scope of the project was significantly expanded to other countries in the Western Balcan region to include Kosovo, North Macedonia and Montenegro. This expansion was funded by Austrian Development Agency (ADA) and Lenzing, and is coordinated by Inspiring Cooperation Empowering People (ICEP). All further measures are at the discretion of the project owner (ICEP); Lenzing has completed and fulfilled all planned measures. | | |
| **Conservation area Brazil** | **To implement conservation solutions on 20,000 ha at the new pulp mill in Indianópolis (Brazil) by 2030** | **2030 Achieved** | **15** |
| Measure(s) | Lenzing increases the protected area at the site in Indianópolis (Brazil) from 13,000 ha to 20,000 ha | **2030 Achieved** | |
| Progress made in 2024 | Lenzing achieved the original goal of 15.000 ha in 2022 and increased the total conservation area in Brazil even further than the target, to more than 20,000 ha in 2024. In 2024 the target ambition and measure was increased to 20,000 ha. | | |
| **Conservation projects** | **To engage in further conservation, biodiversity protection and restoration activities in regions where forests are at risk or should be improved by 2025** | **2025 On track** | **15** |
| Progress made in 2024 | Lenzing supported several projects outside of its value chain in 2024 such as a project in Austria for the restoration and protection of moorland and peat bogs, and projects for forest conservation through social impact in DR Congo, Burundi and Tanzania.For a detailed description of all projects, please see the “E4 Biodiversity and ecosystems” chapter. | | |
| **Partnering for systemic change** | | | |
| **Supplier engagement** | **To engage key suppliers, covering more than 80 percent of spend, to improve sustainability performance** | **Continuous On track** | **12, 17** |
| Measure(s) | Lenzing assesses 95 percent of its top suppliers representing 80 percent of spend via EcoVadis, the Together for Sustainability Audit or an internal assessment/audit by 2025. | **2025 On track** | |
| | Lenzing considers climate, water and chemical aspects in the procurement contractual process of its top chemicals suppliers | **Continuous On track** | |
| Progress made in 2024 | More than 800 of Lenzing's suppliers are assessed and monitored by EcoVadis. Four suppliers were audited by Lenzing through the Together for Sustainability audit program. Engaging and onboarding suppliers is an ongoing process, whereby buyers strive to engage the biggest possible portion of all of Lenzing’s key suppliers. Around 60 percent of the Global Procurement spend, including wood and pulp was covered by these assessments. Supply agreements signed with the top chemical suppliers include sustainability clauses. | | |
| **FEM** | **To implement and annually update the Facility Environmental Module (FEM) in all pulp and fiber production facilities and share verified modules with customers from 2024[d]** | **Continuous On track** | **12, 17** |
| Measure(s) | Lenzing conducts self-assessments at existing sites in 2022 and first external verification by 2023 | **2023 Achieved** | |
| | Lenzing conducts self-assessments and trainings for new legal entities (Prachinburi (Thailand) and Indianópolis (Brazil)) in 2023 and first external verification by 2025 | **2025 On track** | |
| Progress made in 2024 | In 2024, Lenzing continuously implemented the Higg FEM assessment. In November 2023, Cascale published the Higg FEM 4.0, including a major revision and several changes in terms of verification requirements. Lenzing has conducted self-assessment for all sites and only three sites located in Thailand, China and Indonesia were verified in 2024. Verification of these three sites has been completed, with the final score of around 90. Due to revision of Higg FEM 3.0 and changes, Indianópolis (Brazil) could not be verified in 2024. Thus the measure year is moved from 2024 to 2025 and is still on track. The overall target year has been changed to "continuous" as it is an ongoing effort to be continuously achieved. | | |
| **Decarbonization** | | | |
| **Near-term science-based target** | **To reduce scope 1 and 2 absolute greenhouse gas (GHG) emissions by 42 percent and scope 3 absolute GHG emissions by 25 percent until 2030 (baseline 2021)[f,g]** | **2030 On track** | **7, 13** |
| **Long-term science-based net-zero target** | **To achieve at least a 90 percent reduction in absolute GHG emissions (scopes 1, 2 and 3) (baseline 2021)[f,g]** | **2050 On track** | **7, 13** |
| Measure(s) | Lenzing achieves 100 percent green electricity for four sites | **2024 Achieved** | |
| | Lenzing phases out coal in its Nanjing (China) operations | **2022 Measures implemente d** | |
| | Lenzing installs on-site photovoltaic power generation at the Lenzing plant | **2022 Achieved** | |
| | Lenzing increases the share of renewable energy consumed by the Lenzing Group and supplies excess bioenergy from the pulp production facility in Indianópolis (Brazil) | **2023 Achieved** | |

| | | | |
|---|---|---|---|
| | Lenzing's lyocell facility in Prachinburi (Thailand) achieves scope 1 and 2 carbon neutrality by 2030 by using 100 percent bioenergy and in the medium term achieves 95 percent biomass energy by 2027 | 2030 On track | |
| | Lenzing engages 20 key suppliers, by spend and $CO_2$ impact, in order to reduce Lenzing's scope 3 emissions and incentivize the suppliers that help Lenzing offer more low-carbon-footprint fibers | Continuous On track | |
| | Lenzing engages and enables 80 percent of 'customers with approved SBT and commitment' (textile and nonwoven brands/retailers as well as manufacturers working with LENZING™ fibers) to fulfill their ambition by providing information on low carbon footprint specialty products such as TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ branded fibers | 2030 On track | |
| | Lenzing runs a campaign to reach 50 percent of TENCEL™ and VEOCEL™ customers (textile and nonwoven brands/retailers as well as manufacturers using the TENCEL™ and VEOCEL™ brands) to promote the use of innovative lenzing fibers with environmental benefits such as low-carbon intensity and to reduce reliance on fossil based materials wherever possible. | Continuous On track | |
| Progress made in 2024 | Six production facilities procured 100 percent renewable electricity. Gas pipe connections and constructions in Nanjing (China) have been finished. The product carbon footprint platform of TfS was adopted internally and external trainings are taking place. Lenzing is in continuous discussions with top suppliers and also shares its expertise for obtaining low-impact chemicals (e.g. green electricity and LCA). The site in Prachinburi (Thailand) has been facing some challenges in consistently receiving 100 percent biomass energy due to the reliability of the supply partner's biomass co-generation plant; however, the site has achieved 100 percent biomass energy for a few months during the year. Therefore, both parties have agreed to work out short-term and long-term technical solutions. The discussion and negotiation on securing biogenic energy to reach 100 percent consistently in the future are ongoing. Additionally, given the current global economic situation, many businesses and end customers have been deprioritizing sustainability in favor of low-cost sourcing and are therefore less willing to pay for low-carbon products. Customer engagement has been taking place to position fiber products with a low carbon footprint to support a reduction in customers' scope 3 emissions reduction. According to these challenges the measure has been reformulated from "Lenzing achieves scope 1 and 2 carbon neutrality at its new lyocell fiber production site in Prachinburi (Thailand) by using 100 percent bioenergy" to "Lenzing's lyocell facility in Prachinburi (Thailand) achieves scope 1 and 2 carbon neutrality by 2030 by using 100 percent bioenergy, and in the medium term achieves 95 percent biomass energy by 2027", and the target year has been extended from 2023 to 2030. The target ambition for customer engagement has been increased form 50 percent to 80 percent of "customers with approved SBT and commitment". | | |
| **Previous near-term science-based target** | **To reduce scope 1, 2, and 3 (purchased goods and services, upstream and downstream transport, and fuel and energy-related activities) GHG emissions by 50 percent per ton of fiber and pulp sold by 2030 (baseline 2017)** | 2030 On track | 7, 13 |
| Linked remuneration target | Lenzing reduces 40 percent of specific GHG emissions per ton of pulp and fiber sold (baseline 2017)[b,e] | 2024 Achieved | |
| Linked corporate target | Lenzing reduces 50 percent of specific GHG emissions per ton of pulp and fiber produced (baseline 2017)[e] | 2027 On track | |

The previous near-term science-based target is still relevant for remuneration and corporate targets with the same baseline for 2017. Thus, the realization and achievement of measures of the updated near-term and long-term science-based targets will result in reaching those linked targets.

**Empowering people**

| | | | |
|---|---|---|---|
| **Social standard** | **To have a continuously valid third-party audited accredited social certificate for every Lenzing Group production (fiber or dissolving wood pulp) site by 2024[d]** | Continuous On track | 8, 12 |
| Measure(s) | Lenzing implements and annually updates the Facility Social Labor Module (FSLM) at all pulp and fiber production facilities and shares verified modules with customers from 2025 onwards | 2025 On track | |
| Progress made in 2024 | FSLM verification (self-assessment and onsite audit) was successfully completed in 2024 at the Mobile (United States), Grimsby (UK), Nanjing (China), Purwakarta (Indonesia), Prachinburi (Thailand) and Indianópolis (Brazil) sites. Due to the unavailability of auditors verified by SLCP, the Paskov (Czech Republic), Lenzing (Austria) and Heiligenkreuz (Austria) sites were only able to complete the self-assessment in 2024, but not the entire verification process. Thus the measure year is moved from 2024 to 2025 and is still on track. The overall target year has been changed to "continuous" as it is an ongoing effort to be continuously achieved. | | |
| **Equity, Diversity and Inclusion** | **To create an empowering work environment by respecting human rights, employee wellbeing and diversity** | Continuous On track | 3, 5, 10 |
| Measure(s) | Lenzing implements training courses for 75 percent of the workforce on diversity, discrimination, the non-discrimination policy, and human rights | 2025 On track | |
| | Lenzing increases its proportion of women to 22.5 percent in all positions graded 5a and above by 2025[b] | 2025 On track | |
| | Lenzing achieves an inclusion Index score of 75 percent in the global Lenzing Climate Survey by 2026 | 2026 On track | |
| | Lenzing establishes a working condition policy | 2021 Achieved | |
| Progress made in 2024 | The Global Equity, Diversity and Inclusion (EDI) policy was relaunched with a training video for all employees in multiple languages. A third employee resource group (ERG) PrideAlliance@Lenzing was initiated to further improve equality and inclusion for LGBTQ+ community within Lenzing, while the other two ERGs, Women@Lenzing and Multicultural@Lenzing remain in place. | | |

| | | | |
|---|---|---|---|
| **Community engagement** | **To continuously support the development of local communities near Lenzing production sites and support social welfare programs to 2025 and beyond** | **Continuous On track** | **1, 3, 11** |
| Progress made in 2024 | During this reporting year, a survey on community engagement was sent to all sites to gather information on this topic and to better plan possible joint actions for 2025. In 2024, Lenzing once again supported numerous social projects for local communities near its sites. For more information, please see the "Community engagement" focus paper. | | |

a) The target has the same production volumes and scope of facilities as the 2014 baseline (i.e. production sites excluding the new sites in Prachinburi (Thailand) and Indianópolis (Brazil)).
b) Relevant for the Managing Board long-term incentive (LTI) bonus targets
c) Lenzing (Austria), Heiligenkreuz (Austria), Mobile (USA), Prachinburi (Thailand)
d) The scope includes all Lenzing production sites, also the new sites in Prachinburi (Thailand) and Indianópolis (Brazil).
e) These intermediate targets are part of the Lenzing corporate strategy on the way to reaching the science-based target by 2030.
f) Scope 3 emissions include those from the harvesting of raw material wood, the production of purchased materials (chemicals & pulp), the production of fuels, the transportation of purchased raw materials & fuels, and the transportation of fibers to customers.
g) The target was updated in 2023 and approved by SBTi at the beginning of 2024. According to SBTi, the remaining 10 percent of emissions can be carbon removals for the net-zero target.

| **Achieved targets** | | | **SDG** |
|---|---|---|---|
| **Target 10** | **To improve transparency by implementing the Higg Facility Environmental Module (FEM 3.0) at all sites by 2019** | **Achieved** | **12, 17** |
| **Target 12** | **To achieve digital fiber traceability by having 500 value chain partners with blockchain technology by 2021** | **Achieved** | **9, 12, 17** |
| **Target 13** | **To increase physical traceability from TENCEL™ x REFIBRA™ and LENZING™ ECOVERO™ to 100 percent of Lenzing's textile special fibers by 2021** | **Achieved** | **12** |

Targets that were achieved before the reporting year

# Partnering for systemic change

[ESRS 2 SBM-2; GRI 2-29]

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 society is facing call for a collaborative approach to designing systemic solutions.

Engaging in a dialog means respecting stakeholders, contributing Lenzing's expertise and knowledge, and taking the opportunity to learn from partners' perspectives. Transparency is a prerequisite for fostering trust and long-term relationships. 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 mutual respect and openness help solve existing tensions and avoid potential conflicts. The ongoing dialog may take place in a variety of formats, including but not limited to meetings, working groups, answering inquiries/surveys, conferences etc.

The main stakeholders involved in the engagement process are shown in figure 05. For further information on the main stakeholders, please see the "Stakeholder engagement" focus paper.

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

**Key stakeholder groups** Figure 05


## Key stakeholders in 2024

The Lenzing Group's key stakeholders are the people and entities who are potentially affected by its operations, business conduct, and strategic targets or who could support Lenzing in reaching these targets. Lenzing regards them as strategic partners who have a significant interest in and impact on areas that matter the most to Lenzing. The most important stakeholder group is Lenzing's staff. Their achievements, and transparency and collaboration make them a clear testimony to the Lenzing Group's credible sustainability performance. The main topics discussed in 2024 are as follows:

- Energy security and reducing reliance on fossil fuels
- Climate change, GHG (greenhouse gas) emission targets, science-based targets (SBT)
- Equity, diversity and inclusion
- Responsible sourcing, in particular Supply Chain Due Diligence and (verification of) scope 3 emissions
- EU policies (e.g. EU Taxonomy, Empowering Consumers Directive, Corporate Sustainability Reporting Directive (CSRD))
- ESG risks
- Governance and business conduct
- Net-benefit concept
- Biogenic emissions, land use change
- Circular economy, recycling technologies and innovative business models
- Waste, emissions and water management
- Transparency and traceability of supply chains
- Environmental assessment and communication of products
- Biodiversity and conservation of ecosystems
- Benchmarking tools (Textile Exchange Preferred Fiber and Material Matrix)

For further information on the stakeholder dialog in 2024, please see the "Stakeholder engagement" section in each topical standard. For information on how the outcome of stakeholder dialog is taken into account in the strategy and business model, please see the "Double materiality analysis" section of this chapter.

**Stakeholder interests** Table 8

| Stakeholders | interested in |
|---|---|
| Investors | resilience, opportunities, risks |
| Academia, media | negative (and positive) environmental impacts, best practise |
| NGOs/NPOs/multi-stakeholder initiatives/industry associations | negative (and positive) environmental impacts, best practise, expertise, knowledge |
| Suppliers | stable business, no risk of losing reputation when working with us |
| Direct customers (e.g. spinners), indirect customers (brands, retailers) | reaching their goals/commitments; their scope 3 emissions, certifications, audits, LCAs and product footprint, traceability |
| Own workforce | secure employment, health & safety, training & skills development |
| Workers in the value chain | working conditions, measures against violence and harassment in the workplace, diversity, child & forced labor, adequate housing, water and sanitation, privacy |
| Local communities | noise & odor |
| End-consumers | product safety |

The Supervisory Board and Managing Board are partly informed about the views and interests of *affected* stakeholders with regard to sustainability-related impacts. The views of its own workforce are communicated by the works council as well as the Lenzing Climate survey. The views of consumers and end-users are indirectly gained through Lenzing's customers and communicated by Lenzing commercial teams. The views and interests of value chain workers are not actively communicated to the Boards.

## Stakeholders' own workforces and their influence on Lenzing's strategy

[ESRS S1 ESRS 2 SBM-2]

In its "Better Choices" corporate culture, the Lenzing Group places a high priority on people as a strategic focus, forming an integral part of its holistic sustainability approach. It is increasingly viewed as a compliance topic within the industry.

Labor rights are subject to national laws. Employees at all Lenzing sites receive fair wages thanks to a highly regarded internal global grading system, collective bargaining, the activities of union representatives, and national protections for human rights. The Lenzing Group's own labor practices are also evaluated through the yearly assessment that is conducted by EcoVadis.

The Lenzing Group's corporate culture is characterized by long-term partnerships, close collaboration, and mutual respect based on open dialog and transparency. Communication with employees and employee representatives is regular and varied to ensure a good understanding of the business strategy, goals, performance, market conditions, financial situation and policies as well as any matters relating to contractual terms, conditions and benefits. Information is shared through different channels such as onboarding events, notice boards, townhalls, ERGs, internal mail and internal news.

To prepare for the current challenging times and volatile market environment, Lenzing has developed a strategic approach, the People Plan, which was introduced and implemented for the first time in 2024. The People Plan focuses on four key areas: organizational performance, diversity and culture, leadership development and talent management.

1. Organizational performance: The organization defines and tracks organizational, financial, and individual performance KPIs. Disciplined monitoring and robust reporting tools and processes are implemented to ensure accurate tracking. Additionally, the organization constantly monitors personnel expenses and variable pay based on performance.

2. Diversity & culture: The company continues to create an engaging, inclusive, and performance-driven work environment. It also focuses on fostering cross-functional collaboration across all geographies, supported by climate surveys and action planning to address any areas for improvement. This is complemented by global EDI (Equity, Diversity, and Inclusion) initiatives.

3. Leadership development: The organization aims to enhance accountability, inclusive behavior, and functional expertise. Leaders lead talent development is a key focus, supported by executive training programs and individual & standardized development assessments.

4. Talent management: The organization drives transparency in talent identification and assessment through robust talent management processes and systems. It supports cross-functional and cross-business division movement, builds and maximizes the internal succession pipeline, and conducts people conferences. Performance management plays a crucial role in ensuring continuous development and improvement.

## Stakeholders' workers in the value chain and their influence on Lenzing's strategy

[ESRS S2 ESRS 2 SBM-2]

The Lenzing Group strongly supports globally recognized human rights, and vehemently opposes any form of violations. The commitment extends to safeguarding the rights of all workers within its sphere of influence, aligning with the Universal Declaration of Human Rights, UN Global Compact (UNGC), OECD Guidelines for Multinational Enterprises and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. These principles, which protect employees and workers as far as possible throughout the value chain, are fully respected and followed by the Lenzing Group.

The textile industry continues to face persistent and systemic challenges related to human rights and labor rights. Across the production process, workers frequently experience inadequate working conditions, particularly in factories located in Asia, Latin America, and Eastern Europe. These challenges can significantly impact the wellbeing and rights of workers within the value chain, highlighting the importance of integrating their interests, views, and needs into the company's strategy and business model.

In relation to workers in the value chain, Lenzing relies primarily on available information from proxies, e.g. NGOs, NPOs, trade unions, risk databases and governments as well as internal expertise to identify and assess impacts. Lenzing' has a direct impact on the rights of workers in the value chain in its sphere of influence. Lenzing's sphere of influence is mainly limited to its suppliers and partially to its downstream business partners in relation to the distribution, transport and storage of Lenzing products. 'Lenzing's influence is limited to reviewing working conditions through audits, and relying on ratings and standards such as the EcoVadis rating.

## Stakeholders' consumers & end-users and their influence on Lenzing's strategy

[ESRS S4 ESRS 2 SBM-2]

Lenzing continuously interacts directly with its customer base through its customer facing organization and indirectly with consumers and end-users, by participating in international associations, conferences, forums, discussion groups and industry interest groups with a focus on product safety and regulatory aspects, in addition to voicing customer expectations.

Consumers are becoming increasingly conscious when making purchasing decisions, requiring more transparency on products' environmental and social impact, functional performance, safety classification and production traceability throughout the value chain.

This trend is supported by governmental authorities, non-governmental organizations (NGOs) and industry/consumer associations via regulations, and mandatory and/or voluntary certification schemes.

Lenzing has an extensive product and services portfolio and operates in several market segments. Its products can be a supportive component in industrial applications (e.g. filtration systems, insulation material and food packaging applications), and a (key) component in consumer goods (e.g. textiles, wipes, and hygienic products). This results in a complex landscape of functional and regulatory requirements, requiring a holistic approach.

This holistic approach is based on Lenzing's "Better Growth" strategy of focusing on sustainability, innovation, excellence, and premiumization. More specifically, Lenzing holistically addresses consumers', authorities' and associations' expectations by providing public commitments (e.g., policies, white papers, Lenzing's Global Code of Business Conduct and Lenzing's Global Supplier Code of Conduct) in its efforts to continuously improve its offering, proactively complying with the latest and forthcoming requirements, and providing adequate transparency on its activities.

# Material impacts, risks and opportunities

[ESRS 2 SBM-3; GRI 3-2]

**Material impacts, risks and opportunities** Table 9

| Impact/risk/ opportunity | actual/ potential | Own operations (OO)/ Value chain (VC): up-/downstream | Timeframe: short-, medium-, long-term | Short description | Long description | Connected policies own operations (VC if value chain related) | Connected targets own operations (VC if value chain related) |
|---|---|---|---|---|---|---|---|
| **E1 Climate change** | | | | | | | |
| **Climate change adaptation** | | | | | | | |
| risk | | OO & upstream VC | medium- to long-term | Risk to Lenzing’s operations and supply chain due to the increasingly chronic physical climate hazards as indicated by climate risk assessment | Climate models indicate that rising global mean temperatures will lead to an increase in chronic physical climate hazards. Lenzing’s operations and supply chain could be increasingly affected by extreme weather events, water scarcity and other physical hazards of varying severity. All identified risks arising are managed by Lenzing through comprehensive supplier diversification and holistic inventory and resource management. | Sustainability Policy (also VC)<br>Group Environmental Policy and Standard | No target<br>VC: Supplier engagement |
| risk | | upstream VC | long-term | Risk of wood scarcity from non-resilient forests and effects of increasing global average temperature | As wood is one of Lenzing's most important raw materials, risks of wood unavailability rise due to forest degradation (diseases, pests, etc.) as a direct consequence of higher average temperatures can affect its core business. | VC: Sustainability policy | VC: Conservation projects |
| opportunity | | OO | medium-term | Opportunity through increased demand for low-emission products and product innovation | As consumer needs and preferences shift toward low-emission products, the development and expansion of low-emission goods and services is expected to have substantial growth potential. Lenzing applies life-cycle thinking, sustainable sourcing, efficient use of resources and partnerships with stakeholders along the value chain in order to contribute to more sustainable production and consumption patterns. | Group Environmental Policy and Standard<br>Global Supplier Code of Conduct | Long-term science-based net-zero target |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Climate change mitigation** | | | | | | | |
| positive impact | actual | OO & upstream VC | long-term | Positive impact of sustainable wood sourcing on the maintenance of healthy and resilient forests as natural carbon sinks | Carbon sinks, such as forests, absorb more carbon dioxide than they release, helping to mitigate climate change. Managing forest sustainably and therefore maintaining healthy carbon sinks is important. Lenzing is contributing by sourcing its wood and pulp from certified or controlled sources, which have a positive effect on carbon sinks. | Sustainability Policy (also VC)<br>Wood and Pulp Policy (also VC)<br>SHE Policy (also VC)<br>Group Environmental Policy and Standard | Near-term science-based target (also VC)<br>Long-term science-based net-zero target (also VC) |
| positive impact | actual | OO & downstream VC | long-term | Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers. | Providing customers of its downstream value chain with low-carbon fiber products directly contributes to their scope 3 emissions' reduction and achieving climate-related goals. | Sustainability Policy (also VC)<br>SHE Policy (also VC)<br>Group Environmental policy and standard<br>Supplier Code of Conduct (also VC) | Near-term science-based target (also VC)<br>Long-term science-based net-zero target (also VC) |
| risk | | OO | short - to medium-term | Risk of increasing costs of GHG emissions from emerging regulations on carbon pricing in low-emission scenarios | Increasing regulation, especially on green taxation and carbon pricing, constitutes a relevant risk for Lenzing. In the countries where Lenzing has carbon intensive processes, regulations on greenhouse gas (GHG) emissions have already been implemented (energy efficiency improvements, regulated emission allowances) and stricter regulations that could increase the costs of GHG emissions are under development. Lenzing is implementing stringent energy efficiency measures in order to reduce its potential exposure to green taxation. | Sustainability Policy<br>SHE Policy<br>Group Environmental Policy and Standard | Near-term science-based target<br>Long-term science-based net-zero target |
| risk | | OO | short-term | Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets. | Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets. | Sustainability Policy<br>SHE Policy<br>Group Environmental Policy and Standard | Near-term science-based target<br>Long-term science-based net-zero target |
| risk | | OO | short- to medium-term | Risk of increasing wood prices due to climate changes and biomass competition | Wood is the most important natural resource for the Lenzing Group as it is needed for manufacturing regenerated cellulose fibers. Despite Lenzing's sustainable sourcing policy and backward-integrated production, wood prices are at risk of increasing due to climate change, and growing competition for biomass and land use. | Sustainability Policy<br>SHE Policy<br>Group Environmental Policy and Standard | Near-term science-based target<br>Long-term science-based net-zero target |
| opportunity | | OO | medium- to long-term | Opportunity to de-risk Lenzing's operations and gain market share by reducing GHG emissions | The Lenzing Group considers rapid decarbonization to be a major business opportunity to de-risk its operations, build resilience, launch products with less climate impact and harvest energy efficiency gains. Lenzing will substantially reduce its GHG emissions in the coming years through a number of corresponding measures (decarbonization strategy) and science-based targets. Furthermore, Lenzing aims to reach net-zero greenhouse gas emissions by 2050. | Sustainability Policy<br>SHE Policy<br>Group Environmental Policy and Standard | Near-term science-based target<br>Long-term science-based net-zero target<br>FEM |
| **Energy** | | | | | | | |
| negative impact | actual | OO | long-term | Negative impact on global climate change by generating GHG emissions with the use of non-renewable energy sources | By using non-renewable energy sources or having inefficient energy conversion technologies Lenzing generates GHG emissions which contribute to global climate change. | Group Environmental Policy and Standard | Near-term science-based target<br>Long-term science-based net-zero target<br>FEM |
| positive impact | actual | OO | long-term | Positive impact on driving the energy transition through a circular business model and innovation | Driving the transition to fossil-free production through a circular business model and innovation. This leads to lower GHG emissions in the future, which has a positive impact on Lenzing`s overall emissions. | Sustainability Policy | Near-term science-based target<br>Long-term science-based net-zero target |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| positive impact | actual | VC | short- to long-term | Positive impact on GHG emission along Lenzing’s value chain by assessing and engaging suppliers to reduce emissions | Supplier assessment and engagement to increase the use of renewable energy sources can lead to reduce GHG emissions along Lenzing's value chain. | Sustainability Policy (VC)<br>Global Supplier Code of Conduct (VC) | VC: Near-term science-based target<br>VC: Long-term science-based net-zero target |
| risk | | OO | medium- to long-term | Risk of reputational damage if sustainability requirements in regard to energy sources are not met and carbon footprint is not reduced | Lenzing's reputation could be damaged if the sustainability requirements with regard to energy sources are not met. Lenzing has energy-intensive processes that result in GHG emissions and is facing increasing pressure from customers and EU directives to address its carbon footprint, which poses a risk for Lenzing if expectations are not met. | Bioenergy Policy<br>Group Envrionmental Policy and Standard | Near-term science-based target<br>Long-term science-based net-zero target<br>FEM |
| risk | | OO | medium- to long-term | Risk of increasing commodity costs (e.g. wood, pulp, chemicals) due to energy prices | Commodity prices (e.g. wood, pulp, chemicals) could increase due to the availability of energy and price volatility as a result of climate change. For example, an increase in the price of wood due to increasing demand for renewable energy sources, zero deforestation trends and/or more frequent pests and diseases (e.g. pest infestations) due to changing weather patterns as a result of climate change. | Bioenergy Policy | Near-term science-based target<br>Long-term science-based net-zero target |
| risk | | OO | short-term | Risk of biomass being reclassified as non-renewable in the Renewable Energy Directive (RED II/III) | With the Renewable Energy Directive (RED II /III) Biomass could get reclassified and not count as renewable anymore. | Bioenergy Policy | Near-term science-based target<br>Long-term science-based net-zero target |
| risk | | OO | short-term | Potential financial risk to Lenzing’s operations and increased costs due to unforeseen energy shortages and loss of power supply | Unforeseen energy shortages could compromise Lenzing’s operations which can pose a financial risk. | Sustainability Policy<br>Group Envrionmental Policy and Standard | Near-term science-based target<br>Long-term science-based net-zero target |
| opportunity | | OO | medium- to long-term | Opportunity of decreasing energy costs by implementing concepts based on renewable energy in the long term | Lenzing sees an opportunity to position itself favorably by proactively addressing environmental challenges. In addition, energy costs can potentially decrease in the long term by using renewable energy sources and new technologies, this can lead to a market advantage if the switch is done quickly. | Bioenergy Policy | Near-term science-based target<br>Long-term science-based net-zero target |
| **E2 Pollution** | | | | | | | |
| **Pollution of air** | | | | | | | |
| negative impact | actual and potential | OO | short- to long-term | Negative impact on air pollution and emissions with potential negative effects on human health and environment | Lenzing contributes to air pollution and could potentially impact health and environment negatively. To prevent pollution Lenzing actively monitors and manages the environmental impact of its operations. | SHE Policy<br>Group Envrionmental Policy and Standard<br>Chemical Management Group Standard | Air emissions<br>ZDHC viscose<br>FEM |
| risk | | OO | medium- to long-term | Risk of regulatory changes and consequent business loss potential | Lenzing can lose license to operate (LTO) due to regulatory changes, e.g. not meeting more stringent emissions levels in EU BAT. This might lead to loss of EU Ecolabel and not meeting customer demands. | SHE Policy<br>Group Envrionmental Policy and Standard<br>Chemical Management Group Standard | Air emissions<br>ZDHC viscose<br>FEM |
| opportunity | | OO | short- to medium-term | Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing | Showing leadership in pulp and fiber manufacturing with low environmental and social impacts. | SHE Policy<br>Group Envrionmental Policy and Standard<br>Chemical Management Group Standard | Air emissions<br>ZDHC viscose<br>FEM |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Pollution of water** | | | | | | | |
| negative impact | actual | downstream VC | short- to long-term | Negative impact of Lenzing's downstream textile value chain on water pollution | "Textile production is estimated to be responsible for about 20 percent of global clean water pollution from dyeing and finishing products."[b] | VC: Water Policy | VC: No target |
| negative impact | actual and potential | OO | short- to long-term | Negative impact on water pollution and emissions with potential negative effects on human health and environment | Lenzing discharges water in its own operations and therefore potentially impact water bodies. In the case of an unlikely leakage, the consequences would be fatal for the ecosystems. Lenzing commits itself to comprehensively monitor, control and report direct and indirect interactions with water resources. | Water Policy<br>Group Environmental Policy and Standard<br>SHE Policy<br>Chemical Management Group Standard | Wastewater<br>ZDHC viscose<br>ZDHC lyocell<br>FEM |
| opportunity | | OO & downstream VC | short- to medium-term | Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing | Showing leadership in pulp and fiber manufacturing with low environmental and social impacts with low emission products. For example spun-dyed Lenzing fibers. | SHE Policy<br>Group Envrionmental Policy and Standard<br>Chemical Management Group Standard<br>Sustainability Policy | Wastewater<br>ZDHC viscose<br>ZDHC lyocell<br>FEM |
| **Substances of concern and substances of very high concern** | | | | | | | |
| negative impact | actual and potential | OO & VC | medium-term | Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoCs and SVHCs | Potential for severe negative health and environmental impacts in the event of accidents or leakage. Substances of concern are still used within Lenzing`s own operations and within the industry. Lenzing`s fibers are controlled for residues by certifications and testing schemes. | Group Environmental Policy and Standard<br>Chemical Management Group Standard<br>VC: No policy | ZDHC lyocell<br>ZDHC viscose<br>FEM<br>VC: No target |
| opportunity | | OO | medium- to long-term | Opportunity by developing and implementing industry benchmarks | Fulfilling stakeholder expectations by going beyond. Developing industry benchmarks and contribution to multi-stakeholder initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC) as well as showing leadership in pulp and fiber production with low environmental and social impacts. | Group Environmental Policy and Standard<br>Chemical Management Group Standard | ZDHC lyocell<br>ZDHC viscose<br>FEM |
| **Microplastics** | | | | | | | |
| positive impact | actual | OO & downstream VC | short- to long-term | Positive impact on microfiber pollution as Lenzing fibers can offer an alternative and replace plastic fibers | Microplastics are plastic particles smaller than 5 mm and can be released from plastic fibers through abrasion, e.g. from laundering. Laundering accounts for 35% of primary microplastics released into the environment[a]. There are increasing concerns about microplastics harming humans and the environment. Lenzing's fibers do not release microplastics and can be an alternative to plastic fibers. | No policy<br>VC: No policy | No target<br>VC: No target |

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| **E3 Water and marine resources** | | | | | | | |
| **Water withdrawals and water consumption** | | | | | | | |
| negative impact | actual and potential | OO & downstream VC | short- to medium-term | Negative impact on water resources through water withdrawal by Lenzing and its value chain | Pulp and fiber production as well as textile manufacturing can be water intensive. Water withdrawal of Lenzing and its downstream value chain partners can contribute to increasing water scarcity. | Water Policy (also VC) | FEM<br>VC: No target |
| opportunity | | OO | medium- to long-term | Opportunity by helping value chain partners meeting their targets through products with improved water footprint | Lenzing`s fibers products are produced with a lower water footprint compared to generic regenerated cellulose fibers. This can help value chain partners to meet their water conservation targets. This strategy promotes efforts to reduce overall water usage across the supply chain. | Water Policy | FEM |
| **E4 Biodiversity and ecosystems** | | | | | | | |
| risk | | upstream VC | short- to long-term | Risk of wood scarcity & high wood prices resulting from biodiversity loss | Two risks for Lenzing are belonging to all material biodiversity sub-topics: Wood scarcity and high wood price. Wood scarcity due to non-resilient forests can lead to business losses as there might be no wood available or only at a high price.<br>As biodiverse ecosystems are more resilient to outside stresses, biodiversity loss poses a great risk for Lenzing. | VC: Wood and Pulp Policy<br>VC: Biodiversity Policy | VC: Conservation projects |
| **Climate change as an impact driver of biodiversity loss** | | | | | | | |
| negative impact | actual | OO & VC | medium- to long-term | Negative impact of Lenzing and its value chain by contribution to climate change and consequential biodiversity loss | Lenzing and its value chain contribute with its GHG emissions to climate change and with that to biodiversity loss. Lenzing has set an ambitious target to become net-zero by 2050. | Sustainbility Policy (also VC)<br>Biodiversity Policy (partly also VC) | Long-term science-based net-zero target (also VC) |
| positive impact | actual | OO & upstream VC | medium- to long-term | Positive impact on biodiversity by sustainable wood sourcing and engagement in afforestation projects | Sustainably-managed forests can contribute to more biodiversity. Lenzing only sources wood from sustainably-managed forests and plantations. Outside of its value chain, Lenzing also engages in aforeststation projects to protect areas vulnerable to deforestation. | Wood and pulp policy (also VC)<br>Biodiversity Policy (also VC) | Conservation area Brazil<br>Conservation project Albania<br>VC: No target |
| **Land-use change as an impact driver of biodiversity loss** | | | | | | | |
| negative impact | potential | upstream VC | short- to medium-term | Potential negative impact on ecosystems due to suppliers potentially performing land-use change | Suppliers could potentially perform land-use change (e.g. transformation of natural grassland into plantations, or natural forest into plantation), which can potentially destroy ecosystems. | VC: Wood and Pulp Policy<br>VC: Biodiversity Policy | VC: No target |
| opportunity | | OO & upstream VC | medium-term | Opportunity through positive positioning with best practice wood sourcing from sustainably managed forests and plantations | Positive positioning with best practice wood sourcing, Lenzing sources only from sustainably-managed forests and plantations. Outside of its value chain, Lenzing also engages in aforeststation projects to protect areas vulnerable to deforestation. | Wood and Pulp Policy (also VC)<br>Biodiversity Policy (also VC) | No target<br>VC: No target |
| **Invasive alien species as an impact driver of biodiversity loss** | | | | | | | |
| negative impact | actual and potential | OO and upstream VC | medium- to long-term | Potential negative impact on biodiversity introducing invasive alien species by wood transport | The introduction of invasive alien species, whether accidental or intentional, can have significant impacts on ecosystems. This can occur directly, when the invasive species competes for resources with native species, or indirectly, if the invasive species carries new pathogens. Lenzing does not use any invasive alien species in its plantations in Brazil, as these plantations are FSC®-certified (FSC-C175509), and does not source from plantations that do. There are strong international precautions regarding the transport of plant material, which could potentially carry invasive species, to prevent such introductions. | Biodiversity Policy (also VC) | No target<br>VC: No target |
| **Impacts on the state of species - Species global extinction risk** | | | | | | | |

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| negative impact | actual and potential | OO and upstream VC | medium- to long-term | Negative impact on threatened species in case of a lack of monitoring and management | In general, part of Lenzing's assessment is whether species at risk of global extinction are negatively impacted by the company, e.g. through the effects of pollution at the production sites. In Brazil, the status (risk of extinction) of species is monitored. Some red-listed species occur in the vicinity of the plantations. Lenzing takes great care to manage conservation areas for these species. | Wood and Pulp Policy (also VC)<br>Biodiversity Policy (also VC) | Conservation projects (also VC)<br>Conservation area Brazil |
| **Impacts and dependencies on ecosystem services** | | | | | | | |
| negative impact | potential | upstream VC | short- to long-term | Potential negative impact on ecosystem services due to impacts on biodiversity | Lenzing, the economy and society are highly dependent on ecosystem services. The impacts on biodiversity described above can lead to a decline of ecosystem services (social, cultural, environmental, provisional etc.). As a supplier of regenerated cellulose fibers for the textile and nonwoven industry, some of these dependencies are essential for the upstream value chain, e.g. forestry. Lenzing is currently assessing this topic further. Preliminary assessment showed biggest dependencies on provisioning services, while Lenzing´s supply chain may be impacting both in positive and negative ways, regulating and maintenance services (sequestration, bio-remediation, control of water erosion, run off, mitigation of floods, pest controls etc.) but also provisioning services such as water withdrawals. | VC: Wood and Pulp Policy<br>VC: Biodiversity Policy | VC: Conservation projects |
| **E5 Resource use and circular economy** | | | | | | | |
| **Resources inflows, including resource use** | | | | | | | |
| negative impact | actual | downstream VC | short-term | Negative impact on circular economy and recycling due to blended materials | Blended materials (e.g. different fiber types mixed) have an indirect negative impact on the circular economy. As it is more difficult to separate and process blended materials, recycling costs rise, leading to lower recycling rates and increased waste. | VC: Sustainability Policy | VC: Circular business model |
| positive impact | actual | OO | short- to long-term | Positive impact on emissions through Lenzing's adoption of circular practices including the use of the renewable resource wood | Lenzing's adoption of circular practices includes lowering emissions by closing material loops and using the renewable resource wood. | Sustainability Policy<br>SHE Policy<br>Wood and Pulp Policy | Textile recycling<br>Circular business model |
| **Resource outflows related to products and services** | | | | | | | |
| negative impact | actual and potential | OO & upstream VC | short- to long-term | Negative impact on GHG emissions and the carbon footprint through energy-intensive recycling processes | Recycling processes are energy-intensive, potentially resulting in higher greenhouse gas (GHG) emissions and a larger carbon footprint for products compared to using virgin materials. Whether the impact is negative, depends on the availability of future technologies, as well as the scale of recycling and recovery of chemicals. | SHE Policy<br>Sustainability Policy (also VC) | Textile recycling<br>Circular business model (also VC) |
| opportunity | | OO | medium-term | Opportunity to help partners in the value chain achieve their circularity and recycling goals | Producing fibers with a recycled content can help partners in the value chain achieve their sustainability goals. This strategy promotes efforts to make the supply chain more circular. | Sustainability Policy | Textile recycling<br>Circular business model |
| opportunity | | OO | medium-term | Opportunity for an increased demand of fibers with recycled materials due to the EU Textile Strategy | The EU Textile Strategy might result in binding rules for the use of recycled content in textiles. This could result in a surge of demand for some of fiber offers, which contain recycled material. | Sustainability Policy | Textile recycling |
| **Waste** | | | | | | | |

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| negative impact | actual and potential | OO & downstream VC | short- to long-term | Negative impact on the environment if waste from the textile industry is not disposed properly | Waste is a major outflow from the entire textile industry that can damage the environment if it is not disposed of properly. | SHE policy<br>Group Environmental Policy and Standard<br>Group Waste Management Guideline<br>Sustainability policy (also VC) | No target<br>VC: No target |
| **Sustainable innovations (entity-specific)** | | | | | | | |
| positive impact | actual | OO & downstream VC | long-term | Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers | Providing customers of its downstream value chain with low-carbon fiber products directly contributes to their scope 3 emissions' reduction and achieving climate-related goals. | Sustainability policy (also VC)<br>SHE policy (also VC)<br>Group Environmental policy and standard<br>Global Supplier Code of Conduct (also VC) | Near-term science-based target (also VC)<br>Long-term science-based net-zero target (also VC) |
| opportunity | | OO & downstream VC | short- to medium-term | Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing | Showing leadership in pulp and fiber manufacturing with low environmental and social impacts with low emission products. For example spun-dyed Lenzing fibers. | SHE Policy<br>Group Envrionmental Policy and Standard<br>Chemical Management Group Standard<br>Sustainability Policy | Wastewater<br>ZDHC viscose<br>ZDHC lyocell<br>FEM |
| opportunity | | OO | medium-term | Opportunity to help partners in the value chain achieve their circularity and recycling goals | Producing fibers with a recycled content can help partners in the value chain achieve their sustainability goals. This strategy promotes efforts to make the supply chain more circular. | Sustainability Policy | Textile recycling<br>Circular business model |
| **S1 Own workforce** | | | | | | | |
| **Working conditions - Secure employment** | | | | | | | |
| risk and opportunity | | OO | short-term | Risk and opportunity for being an attractive employer through (non-)transparent communication | Lenzing could lose or gain its reputation as an attractive employer depending on how professional and transparent it communicates about restructuring measures, which influences future hiring. | Communication Guideline | No target |
| opportunity | | OO | medium-term | Opportunity to be listed as a preferred supplier for customers | Lenzing sees a growing requirement for social certificates from its customers. By being certified, Lenzing ensures that it remains listed as a preferred supplier. | SHE policy<br>Policy on Human Rights and Labor Standards<br>Global Code of Business Conduct<br>Clean and Hygiene Standards<br>Life-saving rules Group Guidelines | Social Standard |
| **Working conditions - Work-life balance** | | | | | | | |
| negative impact | actual and potential | OO | short-term | Negative impact on the workforce if there is a lack of work-life balance | A lack of work-life balance can lead to physical, psychological and chronic impacts on the workforce. | No policy | No target |
| positive impact | actual | OO | short-term | Positive impact on the workforce through various working time models, benefits and leaves | Various working time models, benefits and leaves have a positive impact on the workforce. | No policy | No target |

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| **Working conditions - Health and safety** | | | | | | | |
| negative impact | potential | OO | medium-term | Potential negative impact due to the working environment on health and wellbeing of Lenzing's workforce | The working environment can impact and potentially expose its workforce at operated assets to potential health and wellbeing impacts. | SHE policy<br>Policy on Human Rights and Labor Standards<br>Global Code of Business Conduct<br>Clean and Hygiene Standards<br>Life-saving rules Group Guidelines | Health (TRIFR) |
| positive impact | actual | OO | medium-term | Positive impact on the workforce through risk management, trainings, health measures and services | Risk management in the workplace, training & education as well as supporting health measures & services contribute to a healthy and risk-aware workforce. | SHE policy<br>Policy on Human Rights and Labor Standards<br>Global Code of Business Conduct<br>Clean and Hygiene Standards<br>Life-saving rules Group Guidelines | Health (TRIFR) |
| risk | | OO | short-term | Risk of a potential poor working climate leading to employee turnover or reduce their productivity | A potential poor working climate can lead to employee turnover or reduce their productivity. (Due to mental health.) | Policy on Human Rights and Labor Standards<br>Global Code of Business Conduct<br>Global Equity, Diversity & Inclusion Policy | No target |
| opportunity | | OO | medium-term | Opportunity for an engaged and productive workforce by providing a safe work environment | A safe work environment, and supportive health measures for employees fosters an engaged and productive workforce. | SHE policy<br>Policy on Human Rights and Labor Standards<br>Global Code of Business Conduct<br>Clean and Hygiene Standards<br>Life-saving rules Group Guidelines | Health (TRIFR) |
| **Equal treatment and opportunities for all - Gender equality and equal pay for equal work** | | | | | | | |
| negative impact | actual | OO | medium-term | Negative impact on gender equality and equal pay for equal work | Lenzing has challenges in the area of equal pay for equal work due to cultural issues and unconscious bias. Lenzing recognises the importance of gender equality and equal pay for equal work and is committed to continuous improvement in this area. | Global Equity, Diversity & Inclusion Policy<br>Global Salary Administration Guidelines | No target |
| **Equal treatment and opportunities for all - Training and skills development** | | | | | | | |
| risk | | OO | short- to medium-term | Risk of a recline in productivity through insufficient quality in succession planning | Insufficient quality in succession planning can lead to a recline in productivity. | Global Learning and Development Guideline<br>Global Performance Management Guideline | Succession planning |
| **Equal treatment and opportunities for all - Measures against violence and harassment in the workplace** | | | | | | | |
| negative impact | potential | OO | short-term | Negative psychological impact on employees if harassment in the workplace takes place | Harassment in the workplace can lead to serious negative psychological consequences for employees. | Global Equity, Diversity & Inclusion Policy<br>Policy on Human Rights and Labor Standards | Equity, Diversity and Inclusion |

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| **Equal treatment and opportunities for all - Diversity** | | | | | | | |
| negative impact | potential | OO | short-term | Negative psychological impact on employees if diversity is not supported | No support of diversity can lead to feelings of exclusion, isolation, and discrimination and can have psychological consequences for employees. | Global Equity, Diversity and Inclusion Policy | Equity, Diversity and Inclusion |
| positive impact | actual | OO | short-term | Positive impact on diversity through diversity-promoting measures | Lenzing has a positive influence on diversity through diversity-promoting measures. | Global Equity, Diversity and Inclusion Policy | Equity, Diversity and Inclusion |
| opportunity | | OO | medium-term | Opportunity to drive innovation and performance with diversity | Diversity drives innovation and performance. | Global Equity, Diversity and Inclusion Policy | Equity, Diversity and Inclusion |
| **S2 Workers in the value chain** | | | | | | | |
| **Other work-related rights - Child labor** | | | | | | | |
| negative impact | potential | VC | short-term | Negative impact on children in Lenzing's value chain, as child labor is common in textile manufacturing | Child labor remains a significant issue in the textile industry, where children are stripped of their rights, exposed to health and safety risks, denied access to education, and trapped in a cycle of poverty and inequality. Given the prevalence of child labor in textile manufacturing, there is a possibility that it could exist within Lenzing's value chain. | VC (partly): Global Code of Business Conduct<br>VC (partly): Global Supplier Code of Conduct<br>VC (partly): Policy on Human Rights and Labor Standards<br>VC: Sustainability policy<br>VC (partly): Wood and Pulp Policy | VC: Supplier Engagement (partly) |
| **Other work-related rights - Forced labor** | | | | | | | |
| negative impact | potential | VC | short-term | Negative impact on forced laborers in Lenzing's value chain, as forced labor is common in textile manufacturing | Forced labor remains a persistent issue in the textile industry, where individuals' basic rights and freedoms are violated, often resulting in physical and psychological harm while perpetuating cycles of poverty and inequality. Given its prevalence in textile manufacturing, there is a potential risk of forced labor being present in Lenzing's value chain. | VC (partly): Global Code of Business Conduct<br>VC (partly): Global Supplier Code of Conduct<br>VC (partly): Policy on Human Rights and Labor Standards<br>VC: Sustainability policy<br>VC (partly): Wood and Pulp Policy | VC: Supplier Engagement (partly) |
| **S4 Consumers and end-users** | | | | | | | |
| **Personal safety of consumers and/or end-users - Health and safety** | | | | | | | |
| negative impact | potential | OO & downstream VC | medium-term | Potential negative impact on consumer's health and safety in case of non-compliance | Non-compliance with health and safety standards/regulations can impact the health and safety of consumers. | Product Safety Policy<br>Global Supplier Code of Conduct<br>Clean & Hygiene Standards<br>VC: No policy | No target<br>VC: No target |
| risk | | OO | short- to medium-term | Risk of law suits, monetary and reputational loss in case of non-compliance | Non-compliance can lead to law suit, monetary loss and reputation loss. | Product Safety Policy<br>Global Supplier Code of Conduct<br>Clean & Hygiene Standards | No target |
| opportunity | | OO | short- to medium-term | Opportunity to achieve business and sustainability targets by monitoring and improving manufacturing processes | Achieving business and sustainability targets by monitoring and improving manufacturing processes. | Quality Policy<br>Clean & Hygiene Standards | No target |
| opportunity | | OO | short- to medium-term | Opportunity for market-leadership in terms of product safety and consistency, application performance and service | Leading the market in terms of product safety, product consistency, application performance, and service | Quality policy<br>Global Code of Business conduct<br>Global Supplier Code of Conduct<br>Clean & Hygiene Standards<br>SHE Policy | No target |

| G1 Business conduct | | | | | | | |
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| **Corporate Culture** | | | | | | | |
| negative impact | potential | OO & VC | short-term | Potential negative impact on the morale of employees and stakeholder trust if intransparency occurs | Intransparency undermines the trust of stakeholders and decreases the morale of employees and may jeopardize the company`s reputation. The director of the company may be held liable. | Whistleblower Directive<br>ABC Directive<br>Antitrust directive<br>Global Code of Business conduct<br>Know-How Protection Directive<br>VC: Wood and Pulp Policy | No target<br>VC: No target |
| positive impact | actual | OO & VC | short-term | Positive impact on the prevention of corruption, bribery and conflicts of interest by maintaining transparency | Transparency is essential for all compliance actions, as maintaining transparency in every aspect of your operations helps prevent corruption, bribery, and conflicts of interest. | Whistleblower Directive<br>ABC Directive<br>Antitrust Directive<br>Global Code of Business conduct<br>Know-How Protection Directive<br>VC: Wood and Pulp Policy | No target<br>VC: No target |
| **Protection of whistleblowers** | | | | | | | |
| negative impact | potential | OO & VC | medium-term | Potential negative impact on business conduct efforts regarding whistleblower in the absence of ongoing efforts, training, reaction and clear procedures | The absence of ongoing efforts, training, reaction and clear procedures can lead to termination of employment and retaliation against the whistleblower, ultimately undermining your overall business conduct efforts and whole compliance activity. | Whistleblower Directive<br>Investigation Directive<br>Global Code of Business Conduct<br>VC (partly): Gloabl Supplier Code of Conduct | No target<br>VC: No target |
| **Corruption and bribery - Prevention and detection including training** | | | | | | | |
| negative impact | potential | OO | medium-term | Potential negative impact on business conduct efforts regarding corruption and bribery in the absence of ongoing efforts, training, reaction and clear procedures | The absence of ongoing efforts, training, reaction and clear procedures can undermine your overall business conduct efforts and whole compliance activity. | Whistleblower Directive<br>Investigation Directive<br>ABC Directive<br>Anti Money Laundering Directive (AML Directive)<br>Global Code of Business Conduct | No target |
| **Corruption and bribery - Incidents** | | | | | | | |
| negative impact | actual and potential | OO & VC | short-term | While a compliance program is in place, incidents may still occur if individuals are provided with the opportunity to engage in non-compliant behavior. | While a compliance program is in place, incidents may still occur if individuals are provided with the opportunity to engage in non-compliant behavior. | Whistleblower Directive<br>Investigation Directive<br>Global Code of Business Conduct<br>VC: Anti Money Laundering Directive (AML Directive)<br>VC (partly): Global Supplier Code of Conduct | No target<br>VC: No target |
| **Management of relationships with suppliers including payment practices** | | | | | | | |
| risk | | OO | short-term | Risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented | There is a risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented. | Global Code of Business Conduct<br>Global Supplier Code of Conduct<br>Wood and Pulp Policy | Supplier Engagement |
| **Transparency (entity-specific)** | | | | | | | |
| positive impact | actual | OO | short-term | Positive impact on the trust of stakeholders by being transparent | Transparency is essential for all compliance actions, as maintaining transparency in every aspect of operations helps building trust with stakeholder. | Sustainability Policy | No target |

a) https://environmentjournal.online/features/35-of-microplastics-in-oceans-come-from-clothing-research-reveals/#:~:text=A%20new%20report%20by%20the%20Instutition%20of%20Mechanical,way%20into%20our%20oceans%2C%20where%20they%20are%20swallowed%E2%80%A6
b) https://www.europarl.europa.eu/topics/en/article/20201208STO93327/the-impact-of-textile-production-and-waste-on-the-environment-infographics#:~:text=Textile%20production%20is%20estimated%20to,up%20in%20the%20food%20chain.

After the preliminary materiality assessment, Lenzing's "Naturally positive" sustainability strategy was adapted to include the new material topics. The sustainability strategy as well as Lenzing's "Better Growth" strategy reflect and help to address the impacts, risks and opportunities identified thanks to its strategic drivers, principles and focus areas (please see the "Sustainability strategy" section in this chapter for the strategic principles). Lenzing has developed its net-benefit products based on these strategies as well as the impacts, risks and opportunities. For information on net-benefit products, please see the corresponding section in the "Sustainable innovations" chapter.

The transformation of the economy and society towards greater sustainability and climate protection offers market opportunities through new technologies and innovations with low impacts. By offering products that make a positive contribution to sustainability, Lenzing can open up new business opportunities. Many of the negative impacts identified relate to the textile industry and forestry, such as greenhouse gas emissions, pollution, water, biodiversity and resource utilisation. Lenzing addresses these impacts through responsible business practices, including sustainable sourcing, resource efficiency, using renewable energy, and circular thinking. Many positive impacts can be created by engaging and partnering with Lenzing's stakeholders, such as engaging suppliers, offering its customers net-benefit products and, last but not least, promoting diversity and inclusion for its workforce.

Lenzing's strategy and business model were reviewed for their resilience to climate change on the basis of several scenario analyses for the year 2024. In addition, a nature-related (including biodiversity drivers climate, water, etc.) resilience assessment was carried out for the first time and a corresponding biodiversity approach was developed. Trends were identified, e.g. emerging regulations on carbon pricing or increased demand for low-emission products. For more information about the assessments (methodology, time horizons), please see the sections "Climate-related risk assessment according to TCFD" and "Nature-related risk assessment according to TNFD" in this chapter.

For information on material impacts, risks and opportunities and their interaction with the strategy and business model regarding the topics of climate, biodiversity, own workforce, workers in the value chain and consumers & end-users, please see the relevant SBM-3 sections in the topical standards.

**Current financial effects**

The current financial effects of Lenzing's material risks and opportunities mainly related to its revenue from specialty (net-benefit) products, the Group's investments activities to implement climate targets in line with the corporate strategy, the impairment test of assets and the valuation of biological assets. The Lenzing Group has concluded several long-term power purchase agreements in the last years for electricity from renewable energy sources in order to achieve its climate targets and hedge against fluctuating prices.

Relevant investments (investment activities) in this context include:

- Started construction of a new wastewater treatment plant at Grimsby (UK) site
- New natural gas pipeline and commissioning of a gas boiler and turbine at the Nanjing (China) site to replace coal-based steam
- Site modernization in Purwakarta (Indonesia) since 2021
  - New carbon disulfide adsorption plant operational – significantly reduced sulfur emissions to air
  - Completed construction of wastewater treatment plant upgrade
- Replacement of gas boiler with a more efficient model has started at Lenzing's Mobile (USA) site
- Completed construction of wastewater treatment plant upgrade at Mobile (USA) site
- Efficiency and improvement measures, e.g. installation of an additional reverse osmosis unit at the lyocell plant at the Lenzing (Austria) site

For more details on current financial effects, see note 1 in the Notes to the Consolidated financial statement as well as the Consolidated income statement, Consolidated statement of financial position, and Consolidated statement of cash flows statement in the Financial Statements.

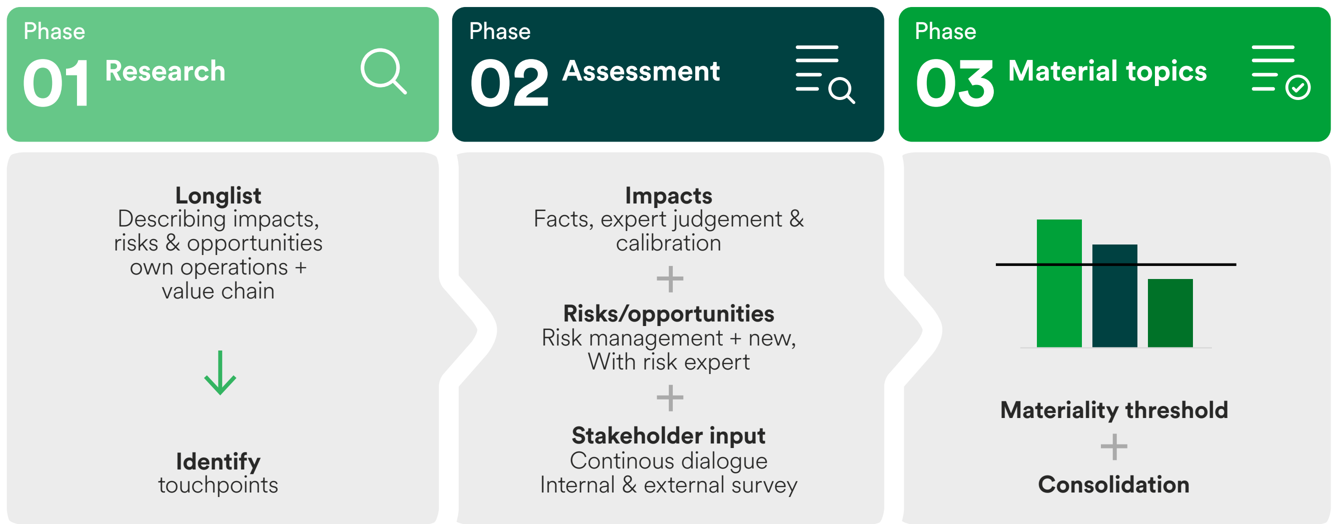
**Changes to previous reporting period**

No changes regarding strategic areas occurred compared to the previous period. Topics that were no longer relevant for ESG reporting due to the initial implementation of the ESRS were digitalization and cyber security. However, the section that concerns transparency relating to customers has been maintained and renamed "Transparency".

# Double materiality analysis

[ESRS 2 IRO-1, ESRS E2 ESRS 2 IRO-1, ESRS E3 ESRS 2 IRO-1, ESRS E5 ESRS 2 IRO-1, Sustainable innovations ESRS 2 IRO-1, Transparency ESRS 2 IRO-1; GRI 3-1]

**Materiality analysis** Figure 06




Lenzing carried out a double materiality analysis for the first time in 2021. On the basis of this analysis a new materiality analysis was conducted in 2024. As Lenzing reports under ESRS for the reporting year of 2024, the scope and requirements have increased and new topic areas had to be included.

## Research and information sources

Starting with the compilation of a so-called longlist, Lenzing conducted a comprehensive examination of activities within its own business operations and value chain. The primary focus was on assessing impacts, risks, and opportunities (IRO), considering impacts the company has on the environment/social/governance (ESG) topics and the impact the ESG topics have on the company (double materiality). Lenzing identified and assessed IROs in 94 sub-topics from ESRS, along with two additional sustainability issues for further assessment. For instance, the superficial ESRS topic of E1 Climate change implies the sub-topics of climate change adaptation, climate change mitigation and energy. The input sub-topic level for the IRO assessment encompassed knowledge about the sustainability issue, stakeholder needs, and value chain research.

Internal data collection involved drawing information from existing sources, as the materiality analysis was conducted in 2021, and internal expert knowledge. For environmental impacts, a so-called context analysis is performed annually at Lenzing's production sites to screen assets and activities, which also informs the context analysis carried out at the global level.

The context analysis and the other parts of the environmental management system and process informs the double materiality analysis. At the product level, LCA is the primary tool used for assessing cradle-to-gate impacts within direct and indirect operations, i.e. own pulp and fiber production and upstream supply chains. This not only supports substantiation of product-related environmental claims but also enables identification of areas for improvement such as pulp production (including recycling) or key chemicals. The procedure is supported by the environmental data collection process relating to in-house operations, including energy use and GHG emissions, other air emissions, water use, effluents, the discharge of priority substances of concern and waste as well as the increasing collection of primary data (e.g. on water use) from suppliers (while the focus was initially on pulp suppliers, primary data is now also being requested from important chemical suppliers). This systematic collection of data from Lenzing's own production and its suppliers is performed on demand and feeds into the continuous updates of LCA calculations for Lenzing's products. The research is further supported by Lenzing's chemical management system and the chemicals inventory. Water risk assessment at the corporate level is carried out by collecting contextualized qualitative and quantitative information on the supply chain and Lenzing's own production using the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter. These data and tools not only support evaluation of the current water situation and identification of areas at water risk for specific locations, including regions of high water stress (with Lenzing's Prachinburi, Thailand site being located in such an area), but also provide insight into future scenarios, such as those induced by the effects of climate change on water availability and quality. The activity is a continuous annual process and was again conducted in the reporting year.

For more information on data collection and impact assessment regarding business conduct and social topics (S1-S4), please see the “Impact, risk and opportunity management” section in the corresponding chapters.

External data collection involved consulting scientific papers, engaging with NGOs, and reviewing industry reports.

Additionally, Lenzing’s risk management team provided expertise in assessing risks and opportunities. Most ESG risks and opportunities were already part of Lenzing’s risk management system and therefore Lenzing’s risk management process. For a description of the risk management process, please see the “Risk management and internal controls over sustainability reporting” section in this chapter. The risks and opportunities that were additionally identified will be integrated successively into the risk management system. At the moment, impacts are not part of the risk management process.

**General approach**

In general, Lenzing strived to use a conservative approach for its first ESRS double materiality analysis. For environmental impacts, stemming from Lenzing’s business relationships involving topics that Lenzing is unaware of (e.g. water pollution in the downstream value chain), the assessment was based on value chain data from the industry. An example of environmental impacts stemming from business relationships that Lenzing is aware of is connected to its wood suppliers. In this case, the environmental impacts are well known.

When considering environmental impacts and environmental related risks, in terms of its own operations Lenzing focused on its production sites, which give rise to a greater risk of adverse impacts than offices due to their intrinsic nature.

For the assessment of social impacts on workers in the value chain, Lenzing sees scope for improvement.

Lenzing considered the connections between impacts, risks and opportunities. Any risks and opportunities considered relevant were assigned to the risk and opportunity assessment.

## Assessment

**Impact assessment**

The evaluation of impacts’ severity involved applying the following factors: scale, scope (both for all impacts), remediability (for negative impacts) and likelihood (for potential impacts), with the impacts classified as follows:

- positive/negative
- actual/potential
- direct/indirect
- short-term (under one year)/medium-term (one to five years)/or long-term (more than five years)

All factors (scale, scope, remediability, likelihood) ranged from zero to five, with five considered the highest level (e.g. not recoverable/irreversible when measuring remediability). Severity was assessed by the topic experts according to scale, scope, and remediability. Scale measured the magnitude of the impact on the relevant ESG topic. Scope considered the geographic reach of environmental impacts and the number of people affected in the event of social impacts. Remediability, applicable to negative impacts only, evaluated how difficult it was to reverse the impact. Likelihood measured the frequency of potential impacts, from once in ten years to several times in one month.

For an impact to be considered material, three rules were applied: **1.** If any of the values of scope, scale, remediability or likelihood is a five, the assessed impact is automatically material. **2.** If the severity (scale, scope, remediability; between 0 and 5) is above the materiality threshold of 3.7, the assessed impact is material. **3.** For “potential” impacts, the likelihood was also taken into consideration in the form of a severity/likelihood matrix. For a certain value pair, the impact is material. For human rights topics another matrix was used, in which severity takes precedence over likelihood.

To validate the results, the assessment was reviewed on two workshop days, including by experts from Corporate Sustainability and relevant departments. Every impact evaluation was explained by experts, and reflected and discussed in the group to achieve a mutual agreement and interpretation of the results.

A harmonization and quality check were then carried out based on a number of criteria to ensure a solid assessment, which was and will be successively integrated during the next iterative updates of the materiality process. The criteria were as follows: the assessed impact had to be clearly described. The business context of the impact had to be demonstrated. No impact was considered more than once.

**Risk and opportunity assessment**

The following scales were used in relation to Lenzing’s ESG risks and opportunities and their financial impact at the sub-topic level: on a scale of one to four (with four being the highest, at over EUR 3 million) the magnitude of the financial impact from the risk/opportunity on Lenzing. On a scale of one to five, the likelihood of occurrence (with five representing highest likelihood). The assigned time horizons are identical to those of the impact assessment. The nature of the impacts was attributed to the following categories: financial/manufacturing/natural/intellectual/human/social & relationship. A financial impact/likelihood matrix was defined to determine materiality.

The assessment was substantially supported by a Lenzing risk expert who helped to harmonize the approach based on knowledge, data and guidance.

In 2024, Lenzing updated its climate-related risk assessment and conducted a nature-related risk assessment according to TNFD for the first time. For more information on the climate-related risk assessment according to TCFD and the nature-related risk assessment according to TNFD, please see the corresponding sections in this chapter.

The above-mentioned approach for the risk and opportunity assessment was chosen to find a qualitative way to evaluate Lenzing’s heterogeneous ESG risks. Usually, risks in Lenzing’s risk management system are assessed quantitatively with the Monte Carlo method. However, in Lenzing’s risk management system, ESG risks are either assessed qualitatively or quantitatively using different methods depending on their nature, the availability of data, and requirements from different standards and ratings, e.g. TCFD and CDP.

**Stakeholder interests**
Throughout the year, Lenzing maintains a continuous dialog with its stakeholders. For information on Lenzing's stakeholders, please see the "Partnering for systemic change" section in this chapter.

The frequency of involvement varies depending on the topic and Lenzing site. For example, consultation with affected communities about environmental topics, such as noise and odor, varies greatly from site to site, especially the Lenzing sites with high proximity to affected communities such as Nanjing (China), Lenzing (Austria) and Purwakarta (Indonesia), which are consulted on a regular basis.

To gather further input, both internal (including the Managing Board and heads of various departments and relevant experts) and external stakeholders (suppliers, customers, NGOs, the Supervisory Board, investors and academia) participated in a survey. The continuous dialog and the results of the survey were used in the double materiality analysis for informing and prioritizing Lenzing's material topics.

## Material topics

Building upon the assessment in the previous phase, three areas were defined: material topics for the reporting year; a waiting list (threshold 3.5 – 3.7) of non-material topics which need a closer look in the future; and non-material topics. The Supervisory Board as well as the Managing Board showed great interest, and were presented with the results of the double materiality analysis by the VP Corporate Sustainability.

For further information on the updated materiality analysis, please see the "Materiality analysis" focus paper.

# Climate-related risk assessment according to TCFD

[ESRS E1 ESRS 2 IRO-1]

In 2020, Lenzing implemented the Task Force on Climate-Related Financial Disclosures (TCFD) approach for the assessment of climate-related risks and opportunities. To improve this risk assessment and ensure compliance with the evolving regulations, a follow-up project was initiated in 2024 to update the climate risk assessment. A particular focus was to include the financial quantification of climate change across both transition and physical risks.

The purpose of this assessment is to provide additional guidance for risks handled within Lenzing's ERM system and prepare for preventing, mitigating, and addressing risks based on the current understanding and availability of data. While this assessment was extensive, comprehensive data was not yet available for all geographies, and some key ingredients (e.g. some wood species) were not modelled. Therefore, the goal of this assessment is to provide directional guidance rather than a precise financial quantification of the risks.

It should be noted that climate risk quantification is inherently uncertain given the wide range of future possibilities and the rapidly evolving political and regulatory environments. In addition, it requires extensive data across the entire value chain. Further enhancements will be made iteratively over the coming years to improve the assessment focusing on the whole value chain, markets and raw materials.

The project was supported by Risilience, a specialist third-party Sustainability Intelligence provider that enables compliance with TCFD recommendations and ESRS requirements. The digital risk tool models assets and business activities in Lenzing's value chain and own operations that have been screened during earlier double materiality analyses. The Risilience tool covers both physical and transition risks of different categories with dedicated models. The tool quantifies impacts from extreme weather events and effects of chronic climate change on procurement, production, and distribution, including sales. These effects particularly comprise but are not limited to potential disruptions and asset damage in the company's operations and the supply chain, as well as shifts in governmental policies and consumer patterns that would impact both Lenzing's reputation and demand for Lenzing's products.

The current risk assessment includes Lenzing's scope 1, 2 and 3 GHG emissions from its own operations, most important suppliers and distributors. The key raw material for Lenzing captured is currently spruce in European forests. In the future, as the data develops and models iterate, additional wood species (specifically beech and eucalyptus) will be added, and the list of risks analysed will expand to include risks such as forest fires. The risk scenario simulation model considers systemic interdependencies across different aspects; thus, the interpretation of results and underlying mechanisms is complex.

Climate-related physical and transitional risks have been assessed using different climate scenarios, including hazards and corresponding effects on ecosystems, markets and society. Assets and business activities as well as financial parameters and Lenzing's GHG emissions profile (scope 1, 2 and 3) are modelled as a digital twin in the supporting tool. The software enables Lenzing to run simulations of extreme weather events (climate-related hazards) according to five emission pathways based on IPCCs Shared Socioeconomic Pathways (SSPs) and evaluates the potential impacts on cash-flow, including revenue and cost impacts, for the digital twin of Lenzing. Hence, future projections of the Group's GHG emissions and corresponding earnings value at risk ("EV@Risk") provide quantified values reflecting the potential risk for different physical and transitional risk categories and emission pathways. The emission pathways range from low- (SSP1-1.9) to high-emission (SSP5-8.5) scenarios and include the hazards of heatwaves, freezes, droughts as well as flooding and windstorm events.

Physical risks are derived from the effects of these events on the company's operations due to operational disruption and damage to assets as well as the value chain due to disruptions in material supply. Transition risks describe the impacts of transitioning to a low-carbon economy according to the five SSPs and include the effects of policy and legal aspects, such as carbon pricing and potential litigation for GHG emissions, technology and investor developments regarding renewable energy assets, and company reputation and consumer demand. The two extreme climate scenarios for high emission levels (SSP5-8.5, "No Policy") as well as the "Paris Ambition" low-emission scenario (SSP1-1.9) were particularly considered for the assessment of physical and transition risks, respectively. The results of these two scenarios and a "Stated Policy" scenario (SSP2-4.5), as well as their characteristics are described in detail in tables 18 and 19 in the "E1 Climate change" chapter.

The exposure of screened assets and activities to climate-related hazards and corresponding physical/transition risks is mainly defined by the geographic location, while sensitivity depends on the local situation of assets and is described by the parameters of the software model. The Risilience tool simulates hazardous events according to different pathways over the short- (five years), medium- (ten years) and long-term (20 years), and assesses the impacts and anticipated financial effects. Each physical hazard event is specified with a certain likelihood, magnitude and duration as well as the time to recover operations in part and in full. This is complemented by defined raw material and market dependencies, as well as their relation to the Group's cashflow and revenue that enables monetary quantification from simulated impacts. Thus, the quantified results of both physical and transition risks provide insights into the level of exposure and the sensitivity of assets and business activities.

Lenzing updated its climate change-related risk assessment procedure according TCFD in the reporting year, with the support of the third-party software provider Risilience and its academic partner, the Centre for Risk Studies at the University of Cambridge Judge Business School, to model transition and physical risks, together with potential directional impacts on future cash flows. The corresponding digital software tool links company-specific financial and emissions data with background data on climate change-related hazards and effects to quantify potential risks in the transitional and physical risk categories. However, in this first analysis, which was supported by software and external data, several limitations of the model were identified that come with some uncertainty regarding the quantified results. Upon further refinement and updates of background data where possible, the quantified risks are presented in a qualitative way only. See table 20 in the "E1 Climate change" chapter for results of the recent TCFD process, corresponding scenario and risk category descriptions, and the connection to specific climate change-related risks embedded in the internal ERM approach.

## Nature-related risk assessment according to TNFD

[ESRS E4 ESRS 2 IRO-1, GRI 304-2]

An initial resilience analysis based on the Locate, Evaluate, Assess, Prepare (LEAP) approach[4] of the Taskforce on Nature-related Financial Disclosure (TNFD) was carried out in the reporting year as part of the Biodiversity Approach and Action Plan. Three climate scenarios[5] were selected to assess Lenzing's business model and strategy, as described in the assessment according to TCFD above, in terms of their resilience to the associated physical, transition and systemic risks.

Key assumptions: The initial resilience analysis did not assume planetary ecosystems collapse taking place in short and medium scenarios. Also, the analysis did not incorporate detailed modeling of ecosystem scenarios due to their limited availability. Expansion of the analysis in this direction and possible increase in wood supply chain coverage is expected in the next reporting period.

This analysis focused on all of Lenzing's own production sites (nine locations in total covering Austria, the Czech Republic, United Kingdom, China, USA, Thailand, Indonesia, Brazil) as well as the wood supply chain in Austria and the Czech Republic (both countries together providing about 70-80 percent of the wood supply for Lenzing's own pulp mills in Europe). The following time horizons were employed: short-term (zero to one year), mid-term (one to five years) and long-term (five to thirty years). While no stakeholders participated in the first year of assessment, Lenzing aims to increase their involvement in the upcoming phases.

In Austria and the Czech Republic, Lenzing's operations are dependent on wood supply from healthy forest ecosystems, with possible risks from climate change, over-harvesting, pests and disease. In Brazil, Lenzing manages its own eucalyptus plantations, reducing its dependency on external suppliers but still facing risks from environmental degradation. Water dependency (part of climate physical risks) is also critical, with potential disruptions in supply and quality impacting production. Transitional risks related to regulations are low in the short term but may increase on the mid-term horizon. Physical risks are moderate initially, but are likely to escalate over time, particularly in high-emission scenarios, possibly leading to challenges in the availability and price of wood and water supplies.

Lenzing's operations in all countries are reliant on local water resources and may be exposed to various natural hazards. Considering generic regional risks, water stress and natural hazards risks were assessed for the sites.

Lenzing's business model and strategy reflect a comprehensive approach to sustainability and resilience. The company is well-prepared to address transitional risks due to its proactive sustainability practices and regulatory compliance, such as sourcing wood from certified forests and responsible water use. However, systemic risks from ecosystem disruptions and inconsistent environmental governance in some countries pose significant challenges, potentially affecting the supply and quality of raw materials. To mitigate

[4] Guidance on the identification and assessment of nature-related issues: the LEAP approach – TNFD

[5] SSP1-1.9, SSP2-4.5 and SSP5-8.5. For a description see https://www.dkrz.de/en/communication/climate-simulations/cmip6-en/the-ssp-scenarios

wood scarcity and price fluctuations, Lenzing manages its own eucalyptus plantations and collaborates with forest certification organizations. Physical risks from natural hazards, such as floods and droughts, are also critical, with no direct mitigation measures available, necessitating robust contingency planning. In the short term, these risks are moderate but show early signs of stress, and become more pronounced over the mid-term. In the long term, systemic and physical risks could escalate significantly, especially under high GHG emission scenarios, highlighting the need for ongoing adaptive strategies to ensure long-term sustainability and resilience.

## Results in detail

The Lenzing Group uses two different types of forestry for its wood sourcing, depending on the global region: sustainable and multifunctional forest management is applied in the Northern hemisphere by Lenzing's wood and pulp suppliers in Europe and North America. Plantation forestry with high sustainability standards is conducted mainly in the Southern hemisphere by Lenzing's pulp supplier in South Africa and by the own pulp plant in Indianópolis (Brazil). In Lenzing's joint venture project, LD Celulose, with Dexco (formerly Duratex) in Brazil, wood is sourced from Forest Stewardship Council® (FSC®)-certified plantations of currently more than 90,000 hectares (FSC-C175509). 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. Only 3 percent of the global forest area are plantations, but they contribute about 33 percent of the timber produced[6]. FSC® certification entails management criteria to protect biodiversity[7], as determined in detail in the national standards.

**Lenzing's impacts and dependencies: Forestry**

Wood is the most important raw material for Lenzing. The main source of potential impact on biodiversity and ecosystems from the Lenzing Group's operations and supply chain is therefore connected to land use by forestry. Lenzing also mainly depends on biodiversity and the proper functioning of healthy forest ecosystems that provide the raw material of wood. Negative effects on biodiversity can arise from over-intensified utilization of forests. On the other hand, the positive effects of sustainable forest management on biodiversity and ecosystems are well known[8] and can be further explored and implemented.

Regarding the essential resource water, it can be stated that forests are generally part of the natural water cycle. Semi-natural forests do not require irrigation. Plantations of LD Celulose and those of Lenzing's suppliers are situated in areas with sufficient rainfall, which is a legal requirement for establishing plantations in the respective countries. Therefore, it can be assumed that groundwater levels are not significantly affected and salinity levels in soils are not increased due to wood sourcing in Lenzing's sphere of influence.

In the case of semi-natural forests, it can be assumed that impacts on native species and on biodiversity will be long lasting, and changes proceed slowly, since many areas have been managed in this way for several forest generations. An internal case study from 2022 commissioned by Lenzing on Austrian forests in conjunction with the Austrian environmental NGOs umbrella organization Umweltdachverband has pointed out that there are numerous species living in managed beech forests in Austria, among them also red-list species, which have adapted to the management practices. The study concluded that reversing these semi-natural forests to completely natural forests (stopping all management) could potentially harm these species. For a summary of the findings, see the "Biodiversity and ecosystems" focus paper.

The introduction of invasive alien species, whether accidental or intentional, can have significant impacts on ecosystems. This can occur directly when the invasive species competes for resources with native species, or indirectly, if the invasive species carries new pathogens. Lenzing does not use any invasive alien species in its plantations in Brazil, as these plantations are FSC®-certified (FSC-C175509), and does not source from plantations that do. There are strong international precautions regarding the introduction of alien species, and transport of plant material, which could potentially carry invasive species, to prevent such introductions. Fort its supply chain, Lenzing relies on these regulations.

Additional potential impacts on water, soil, and air can arise from production facility emissions or from transportation. For more information, please see the chapters "E2 Pollution", and "E3 Water and marine resources".

At the end of the value chain of textile and nonwoven products, biodiversity impacts can arise from non-degradable materials entering the environment, if those products are not correctly disposed of. For more information on biodegradability of Lenzing's fibers, please see the "E5 Resource use and circular economy" chapter.

For more information on mitigation of nature-related risks, please see the "Actions" section of the "E4 Biodiversity and ecosystems" chapter.

## Lenzing's potential impacts: Biodiversity sensitive areas

For the Biodiversity Sensitive and Protected Areas within the vicinity of Lenzing's production sites (extending up to 10 km from the sites and 30 km downstream), no documented significant impact on the ecological status of these areas or on any threatened species is attributable to Lenzing's operations. Information on "Biodiversity sensitive areas and protected sites near Lenzing production sites" can be found in the section of the same name in the annex.

# Compliance related assessment

[ESRS G1 ESRS 2 IRO-1]

In the process of identifying material impacts, risks and opportunities, the materiality was evaluated based on metrics such as the number of reported cases, confirmed incidents as well as stakeholder interests. For example, the evaluation of the topics protec-

[6] Bousfield et al., Nature Geoscience 16(2023), 1145-50 https://www.nature.com/articles/s41561-023-01323-y

[7] https://anz.fsc.org/biodiversity-habitat-protection#:~:text=FSC%27s%20rigorous%20standards%20for%20responsible,habitat%20management%20in%20the%20forest

[8] Kunz 2017: Artenschutz durch Habitatmanagement. chapter 6.2 Wiley-VCH

tion of whistleblowers and the prevention and detection of corruption topics was influenced heavily by Lenzing's stakeholders, such as investors, reflecting their high interest in the topic.

# Content index and data points from other EU legislation

[ESRS IRO-2]

The material information disclosed is based on the material impacts, risks, and opportunities identified in Lenzing's double materiality analysis. Following the identification of material (sub-)topics, materiality was evaluated at both the disclosure requirement and data point levels, influenced by the decision-making needs of stakeholders. The double-materiality process as well as the thresholds applied are described in the "Double materiality analysis" section of this chapter. Please refer to the "ESRS index" and "EU datapoints derived from other EU legislation" tables below.

**ESRS content index (IRO-2 56.)**

Table 10

| Chapter and Disclosure Requirement | Section |
|---|---|
| **ESRS 2 General Disclosures** | |
| BP-1 General basis for preparation of sustainability statements | About the sustainability statement |
| BP-2 Disclosures in relation to specific circumstances | About the sustainability statement |
| GOV-1 The role of the administrative, management and supervisory bodies | Governance of sustainability |
| Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | ESG committees |
| GOV-3 Integration of sustainability-related performance in incentive schemes | Board remuneration linked to sustainability performance |
| GOV-4 Statement on due diligence | Statement on due diligence |
| GOV-5 Risk management and internal controls over sustainability reporting | Risk management and internal controls over sustainability reporting |
| SBM-1 Strategy, business model and value chain | Strategy |
| SBM-2 Interests and views of stakeholders | Partnering for systemic change |
| SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model | Material impacts, risks and opportunities |
| IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities | Double materiality analysis |
| IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement | Content index, EU data points from other EU legislation and mapping |
| **E1 Climate Change** | |
| ESRS 2 E1 GOV-3 Integration of sustainability-related performance in incentive schemes | General disclosures: Board remuneration linked to sustainability performance |
| E1-1 Transition plan for climate change mitigation | Strategy |
| ESRS 2 E1 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model | Risk and opportunity assessment |
| ESRS 2 E1 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities | General disclosures: Double materiality analysis; General disclosures: Climate-related risk assessment according to TCFD |
| E1-2 Policies related to climate change mitigation and adaptation | Policies |
| E1-3 Actions and resources in relation to climate change policies | Actions |
| E1-4 Targets related to climate change mitigation and adaptation | Metrics and targets |
| E1-5 Energy consumption and mix | Energy and fuels |
| E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions | Lenzing's greenhouse gas emissions |
| E1-8 Internal carbon pricing | Internal carbon price |

| | |
|---|---|
| **E2 Pollution** | |
| ESRS 2 E2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities | General disclosures: Double materiality analysis |
| E2-1 Policies related to pollution | Policies |
| E2-2 Actions and resources related to pollution | Actions |
| E2-3 Targets related to pollution | Metrics and targets |
| E2-4 Pollution of air, water and soil | Pollution of air and water |
| E2-5 Substances of concern and substances of very high concern | Substances of concern and substances of very high concern |
| **E3 Water and marine resources** | |
| ESRS 2 E3 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities | General disclosures: Double materiality analysis |
| E3-1 Policies related to water and marine resources | Policies |
| E3-2 Actions and resources related to water and marine resources | Actions |
| E3-3 Targets related to water and marine resources | Metrics and targets |
| E3-4 Water consumption | Water consumption |
| **E4 Biodiversity and ecosystem** | |
| E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model | Strategy development |
| ESRS 2 E4 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model | Resilience assessment |
| ESRS 2 E4 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities | General disclosures: Double materiality analysis; General disclosures: Nature-related risk assessment according to TNFD |
| E4-2 Policies related to biodiversity and ecosystems | Policies |
| E4-3 Actions and resources related to biodiversity and ecosystems | Actions |
| E4-4 Targets related to biodiversity and ecosystems | Lenzing's biodiversity targets |
| E4-5 Impact metrics related to biodiversity and ecosystems change | Metrics for biodiversity and ecosystem enhancement within LD Celulose's plantations |
| **E5 Resource use and circular economy** | |
| ESRS 2 E5 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities | General disclosures: Double materiality analysis |
| E5-1 Policies related to resource use and circular economy | Policies |
| E5-2 Actions and resources related to resource use and circular economy | Actions |
| E5-3 Targets related to resource use and circular economy | Metrics and targets |
| E5-4 Resource inflows | Resource inflows |
| E5-5 Resource outflows | Resource outflows |
| **S1 Own workforce** | |
| ESRS 2 S1 SBM-2 Interests and views of stakeholders | Genreal disclosures: Stakeholder own workforce and strategy |
| ESRS 2 S1 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model | Impact, risk and opportunity management |
| S1-1 Policies related to own workforce | Policies |
| S1-2 Processes for engaging with own workers and workers' representatives about impacts | Communication |
| S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns | Channels to raise concerns |
| S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | Actions |
| S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Metrics and targets |
| S1-6 Characteristics of the undertaking's employees | Employees in numbers |
| S1-7 Characteristics of non-employee workers in the undertaking's own workforce | Employees in numbers |
| S1-8 Collective bargaining coverage and social dialogue (voluntary, not material) | Collective bargaining and social dialogue |
| S1-9 Diversity metrics | Diversity metrics |
| S1-10 Adequate wages (voluntary, not material) | Adequate wages |
| S1-11 Social protection | Social protection |
| S1-12 Persons with disabilities | Persons with disabilities |
| S1-13 Training and skills development metrics | Learning and development |
| S1-14 Health and safety metrics | Health and Safety at Lenzing |
| S1-15 Work-life balance metrics | Family-related leave |
| S1-16 Compensation metrics (pay gap and total compensation) | Annual total renumeration ratio, Gender Pay gap |
| S1-17 Incidents, complaints and severe human rights impacts | Raised concerns and human rights incidents |

| S2 Workers in the value chain | |
|---|---|
| ESRS 2 S2 SBM-2 Interests and views of stakeholders | General disclosures: Stakeholder workers in the value chain and strategy |
| ESRS 2 S2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model | Strategy |
| S2-1 Policies related to value chain workers | Policies |
| S2-2 Processes for engaging with value chain workers about impacts | Channels and remediation |
| S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns | Channels and remediation |
| S2-4 Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions and approaches | Actions |
| S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Metrics and targets |

| S4 Consumers and end-users | |
|---|---|
| ESRS 2 S4 SBM-2 Interests and views of stakeholders | General disclosures: Stakeholder consumers & end-users and strategy |
| ESRS 2 S4 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model | Product assurance for (in)direct customers |
| S4-1 Policies related to consumers and end-users | Policies |
| S4-2 Processes for engaging with consumers and end-users about impacts | Processes for engaging with consumers and end users about impact |
| S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns | Channels to raise concerns |
| S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions | Actions |
| S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Metrics and targets |

| G1 Business conduct | |
|---|---|
| **ESRS 2 G1 GOV-1 The role of the administrative, supervisory and management bodies** | Governance |
| ESRS 2 G1 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities | General disclosures: Double materiality analysis; General disclosures: Compliance related assessment |
| G1-1 Corporate culture and business conduct policies and corporate culture | Lenzing Global Code of Business Conduct |
| G1-2 Management of relationships with suppliers | Sourcing |
| G1-3 Prevention and detection of corruption and bribery | Actions |
| G1-4 Confirmed incidents of corruption or bribery | Metrics and targets |

## Datapoints derived from other EU legislation (IRO-2 56.)

Table 11

| Disclosure Requirement and related datapoint | SFDR reference | Pillar 3 reference | Benchmark Regulation reference | EU Climate Law reference | Chapter/Not material |
|---|---|---|---|---|---|
| ESRS 2 GOV-1: 21 (d) Board's gender diversity | Indicator number 13 of Table #1 of Annex 1 | | Commission Delegated Regulation (EU) 2020/1816, Annex II | | ESRS 2 General disclosures: Composition and diversity of board members |
| ESRS 2 GOV-1: 21 (e) Percentage of board members who are independent | | | Delegated Regulation (EU) 2020/1816, Annex II | | ESRS 2 General disclosures: Composition and diversity of board members |
| ESRS 2 GOV-4: 30 Statement on due diligence | Indicator number 10 Table #3 of Annex I | | | | ESRS 2 General disclosures: Statement on due diligence |
| ESRS 2 SBM-1: 40 (d)i Involvement in activities related to fossil fuel activities | Indicators number 4 Table #1 of Annex 1 | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453; Table 1: Quantitative information on Environmental risk and Table 2: Qualitative information Social risk | Delegated Regulation (EU) 2020/1816, Annex II | | Not material |
| ESRS 2 SBM-1: 40 (d)ii Involvement in activities related to chemical production activities | Indicator number 9 Table #2 of Annex 1 | | Delegated Regulation (EU) 2020/1816, Annex II | | Not material |
| ESRS 2 SBM-1: 40 (d)iii Involvement in activities related to controversial weapons | Indicator number 14 Table #1 of Annex 1 | | Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II | | Not material |
| ESRS 2 SBM-1: 40 (d)iv Involvement in activities related to cultivation and production of tobacco | | | Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II | | Not material |
| E1-1: 14 Transition plan to reach climate neutrality by 2050 | | | | Regulation (EU) 2021/1119, Article 2(1) | E1 Climate change: Climate action plan |
| E1-1: 16 (g) Undertakings excluded from Paris-aligned benchmarks | | Article 449a Rgulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity | Delegated Regulation (EU) 2020/1818, Article 12,1 (d) to (g), and Article 12,2 | | Not material |
| E1-4: 34 GHG emission reduction targets | Indicator number 4 Table #2 of Annex 1 | Article449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Template 3: Banking book - Climate change transition risk: alignment metrics | Delegated Regulation (EU) 2020/1818, Article 6 | | E1 Climate change: Metrics and targets |
| E1-5: 38 Energy consumption from fossil sources disaggregated by sources | Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1 | | | | E1 Climate change: Energy and fuels |
| E1-5: 37 Energy consumption and mix | Indicator number 5 Table #1 of Annex 1 | | | | E1 Climate change: Energy and fuels |
| E1-5: 40, 41, 42, 43 Energy intensity associated with activities in high climate impact sectors | Indicator number 6 Table #1 of Annex 1 | | | | E1 Climate change: Energy and fuels |
| E1-6: 44 Gross Scope 1,2,3 and total GHG emissions | Indicators number 1 and 2 Table #1 of Annex 1 | Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 20222/2453 Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity | Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1) | | E1 Climate change: Lenzing's greenhouse gas emissions |

| | | | | | |
|---|---|---|---|---|---|
| E1-6: 53,54,55 Gross GHG emissions intensity | Inidcators number 3 Table +1 of Annex 1 | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics | Delegated Regulation (EU) 2020/1818, Article 5(1), 8(1) | | E1 Climate change: Lenzing's greenhouse gas emissions |
| E1-7: 56 GHG removals and carbon credits | | | | Regulation (EU) 2021/1119, Article 2(1) | Not material |
| E1-9: 66 Exposure of the benchmark protfolio to climate-related physical risks | | | Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II | | Material; Phase-in |
| E1-9: 66 (a) Disaggregation of monetary amounts by acute and chronic physical risk | | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk. | | | Material; Phase-in |
| E1-9: 66 (c) Location of significant assets at material physical risk | | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk. | | | Material; Phase-in |
| E1-9: 67 (c) Breakdown of the carrying value of ist real estate assets by energy-efficiency classes | | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral | | | Not material |
| E1-9: 69 Degree of exposure of the portfolio to climate-related opportunities | | | Delegated Regulation (EU) 2020/1818, Annex II | | Material; Phase-in |
| E2-4: 28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil | Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1 | | | | E2 Pollution: Pollution of air and water |
| E3-1: 9 Water and marine resources | Indicator number 7 Table #2 of Annex 1 | | | | E3 Water and marine resources: Policies |
| E3-1: 13 Dedicated policy paragraph | Indicator number 8 Table #2 of Annex 1 | | | | E3 Water and marine resources: Policies |
| E3-1: 14 Sustainable oceans and seas | Indicator number 12 Table #2 of Annex 1 | | | | Not material |
| E3-4: 28 (c) Total water recycled and reused | Indicator number 6.2 Table #2 of Annex 1 | | | | E3 Water and marine resources: Water consumption |
| E3-4: 29 Total water consumption in $m^3$ per net revenue on own operations | Indicator number 6.1 Table #2 of Annex 1 | | | | E3 Water and marine resources: Water consumption |
| ESRS 2 E4 SBM-3: 16 (a) i Activities related to sites located in or near biodiversity-sensitive areas negatively affect these areas where conclusions or necessary mitigation measures have not been implemented or are ongoing | Indicator number 7 Table #1 of Annex 1 | | | | E4 Biodiversity and ecosystems: Resilience Assessment |

| | | | |
|---|---|---|---|
| ESRS 2 E4 SBM-3: 16 (b) Material negative impacts with regards to land degradation, desertification or soil sealing have been identified | Indicator number 10 Table #2 of Annex 1 | | Not material |
| ESRS 2 E4 SBM-3: 16 (c) Own operations affect threatened species | Indicator number 14 Table #2 of Annex 1 | | E4 Biodiversity and ecosystems: Resilience Assessment |
| E4-2: 24 (b) Sustainable land / agriculture practices or policies | Indicator number 11 Table #2 of Annex 1 | | E4 Biodiversity and ecosystems: Policies |
| E4-2: 24 (c) Sustainable oceans / seas practices or policies | Indicator number 12 Table #2 of Annex 1 | | Not material |
| E4-2: 24 (d) Policies to address deforestation | Indicator number 15 Table #2 of Annex 1 | | E4 Biodiversity and ecosystems: Policies |
| E5-5: 37 (d) Non-recycled waste | Indicator number 13 Table #2 of Annex 1 | | E5 Resource use and circular economy: Waste management |
| E5-5: 39 Hazardous waste and radioactive waste | Indicator number 9 Table #1 of Annex 1 | | E5 Resource use and circular economy: Waste management |
| ESRS 2 S1 SBM-3: 14 (f) Risk of incidents of forced labour | Indicator number 13 Table #3 of Annex I | | Impact, risk and opportunity management |
| ESRS 2 S1 SBM-3: 14 (g) Risk of incidents of child labour | Indicator number 12 Table #3 of Annex I | | Impact, risk and opportunity management |
| S1-1: 20 Human rights policy commitments | Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I | | S1 Own workforce: Policies |
| S1-1: 21 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 | | Delegated Regulation (EU) 2020/1816, Annex II | S1 Own workforce: Policies |
| S1-1: 22 Processes and measures for preventing trafficking in human beings | Indicator number 11 Table #3 of Annex I | | S1 Own workforce: Policies |
| S1-1: 23 Workplace accident prevention policy or management system | Indicator number 1 Table #3 of Annex I | | S1 Own workforce: Policies |
| S1-3: 32 (c) Grievance/complaints handling mechanisms | Indicator number 5 Table #3 of Annex I | | S1 Own workforce: Channels to raise concerns |
| S1-14: 88 (b), (c) Number of fatalities and number and rate of work-related accidents paragraph | Indicator number 2 Table #3 of Annex I | Delegated Regulation (EU) 2020/1816, Annex II | S1 Own workforce: Health and Safety at Lenzing |
| ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e) | Indicator number 3 Table #3 of Annex I | | S1 Own workforce: Health and Safety at Lenzing |
| S1-16: 97 (a) Unadjusted gender pay gap | Indicator number 12 Table #1 of Annex I | Delegated Regulation (EU) 2020/1816, Annex II | S1 Own workforce: Gender pay gap |
| S1-16: 97 (b) Excessive CEO pay ratio | Indicator number 8 Table #3 of Annex I | | S1 Own workforce: Annual total remuneration ratio |
| S1-17: 103 (a) Incidents of discrimination | Indicator number 7 Table #3 of Annex I | | S1 Own workforce: Raised concerns and human rights incidents |
| S1-17: 104 (a) Non-respect of UNGPs on Business and Human Rights and OECD | Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1) | S1 Own workforce: Raised concerns and human rights incidents |
| ESRS 2 S2 SBM-3: 11 (b) Significant risk of child labour or forced labour in the value chain | Indicators number 12 and n. 13 Table #3 of Annex I | | S2 Workers in the value chain: Strategy |

| | | | |
|---|---|---|---|
| S2-1: 17 Human rights policy commitments | Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1 | | S2 Workers in the value chain: Policies |
| S2-1: 18 Policies related to value chain workers | Indicator number 11 and n. 4 Table #3 of Annex 1 | | S2 Workers in the value chain: Policies |
| ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19 | Indicator number 10 Table #1 of Annex 1 | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1) | S2 Workers in the value chain: Policies |
| S2-1: 19 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 | | Delegated Regulation (EU) 2020/1816, Annex II | S2 Workers in the value chain: Policies |
| S2-4: 36 Human rights issues and incidents connected to its upstream and downstream value chain | Indicator number 14 Table #3 of Annex 1 | | S2 Workers in the value chain: Actions |
| S3-1: 16 Human rights policy commitments | Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1 | | Not material |
| S3-1: 17 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines | Indicator number 10 Table #1 Annex 1 | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1) | Not material |
| S3-4: 36 Human rights issues and incidents | Indicator number 14 Table #3 of Annex 1 | | Not material |
| S4-1: 16 Policies related to consumers and end-users | Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1 | | S4 Consumers and end-users: Policies |
| S4-1: 17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines | Indicator number 10 Table #1 of Annex 1 | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1) | S4 Consumers and end-users: Policies |
| S4-4: 35 Human rights issues and incidents | Indicator number 14 Table #3 of Annex 1 | | S4 Consumers and end-users: Actions |
| G1-1: 10 (b) United Nations Convention against Corruption | Indicator number 15 Table #3 of Annex 1 | | G1 Business conduct: Policies |
| G1-1: 10 (d) Protection of whistleblowers | Indicator number 6 Table #3 of Annex 1 | | G1 Business conduct: Policies |
| G1-4: 24 (a) Fines for violation of anti-corruption and anti-bribery laws | Indicator number 17 Table #3 of Annex 1 | Delegated Regulation (EU) 2020/1816, Annex II) | G1 Business conduct: Metrics and targets |
| G1-4: 24 (b) Standards of anti-corruption and anti-bribery | Indicator number 16 Table #3 of Annex 1 | | G1 Business conduct: Metrics and targets |

# Information on environmentally sustainable economic activities according to the EU-Taxonomy Regulation

According to the Regulations (EU) 2020/852 of the European Commission as of June 18, 2020, (EU) 2021/2139 of the European Commission as of June 4, 2021, (EU) 2021/2178 of the European Commission as of July 6, 2021, (EU) 2022/1214 of the European Commission as of March 9, 2022 and the adaption of the Environmental Delegated Act (EU) 2023/2485 and 2023/2486 as of June 27, 2023, the Lenzing Group is required to disclose three key performance indicators, turnover, CapEx and OpEx. For the 2024 financial year, the taxonomy-eligibility and taxonomy-alignment of the Lenzing Group's economic activities must be disclosed for environmental objectives 1-6. For the 2023 financial year, the taxonomy-eligibility and taxonomy-alignment had to be disclosed for environmental objectives 1-2, and solely the taxonomy-eligibility for environmental targets 3-6. The Lenzing Group designed an EU-Taxonomy accounting guideline for describing the methodology for reporting the three KPIs by following the time sequence and requirements as outlined in the Delegated Act dated January 1, 2023.

To determine the Taxonomy-eligible activities, the Lenzing Group assessed all economic activities listed in the EU-Taxonomy for all consolidated group companies. The taxonomy-eligibility was determined based on the description of the economic activities. Due to the current state of EU legislation, not all economic activities and industries are covered by the six currently applicable environmental objectives. In 2022, the first two environmental targets were reported, which did not include Lenzing Group's core business activities (regenerated cellulose fiber production, dissolving wood pulp production and supporting activities). The publication of the four additional environmental objectives and the adaptation of the existing goals has not changed this situation. Thus, the information on Taxonomy-eligible economic activities for the financial years 2024 and 2023 covers only a very small portion of activities within the Lenzing Group.

The following activities are identified as Taxonomy-eligible: Manufacture of soda ash (CCM 3.12.), Transmission and distribution of electricity (CCM 4.9.), Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels (CCM 4.19.), cogeneration of heat/cool and power from bioenergy (CCM 4.20.), Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5.) and Acquisition and ownership of buildings (CCM 7.7.). Future developments in legislation may change the scope of the Taxonomy-eligible activities.

**Forest management (CCM 1.3.)**
The forest industry **is not** at the core of the current EU Taxonomy legislation. Tree plantations in South America are not included in the activity Forest management (CCM 1.3.). The output of the activity, the grown wood, is used mostly internally in Lenzing's own operations. In this report, the term 'forests' has been used in a general sense and the definition changes from country to country based on domestic laws. For example, some countries do not consider 'tree plantations' as forests whereas some do consider them as forests.

**Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels (CCM 4.19.)**
The operation of the Cogeneration of heat/cool and power is conducted for the most part from renewable non-fossil gaseous and liquid fuels, e.g. (e.g. thick liquor, beech bark). Due to lack of relatability of the respective fuel to the sold Energy, the calculation of eligibility is conducted based on key for mostly used fuels.

Following economic activities supporting the Core Business are physically tightly integrated and are therefore as such considered not eligible: High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (CCM 4.30.), Freight rail transport (CCM 6.2.), Construction, extension and operation of waste water collection and treatment (CCM 5.3.), Renewal of water collection, treatment and supply systems (CCM 5.4.) and Data processing, hosting and related activities (CCM 8.1.).

Capital expenditure from the taxonomy-eligible output in category "C" was measured and reported accordingly (e.g. Acquisition and ownership of buildings CCM 7.7.).

Taxonomy-eligibility refers to economic activities that are defined as such in the Taxonomy Regulation. Taxonomy-alignment goes beyond eligibility and implies a positive assessment of the applicable technical screening criteria. This includes a substantial contribution to at least one of the 6 Taxonomy's environmental objectives, no significant harm to any other objectives. Lenzing has not yet fully met the Minimum Social Safeguards requirements and continues to work on closing identified gaps to ensure full compliance in the future.

For the identified eligible economic activities, an assessment for Taxonomy-alignment was performed. The Lenzing Group began the alignment assessment by screening the technical criteria, including the substantial contribution, the Minimum Safeguards and DNSH (Does Not Significantly Harm) criteria. During the screening, the Lenzing Group concluded that the requirements of Minimum social safeguards (MSS) cannot yet be fulfilled. As a consequence of this assessment, further in-depth DNSH assessment was deemed unnecessary for the reporting years 2023 and 2024. All identified economic activities are reported as Taxonomy-eligible, but not Taxonomy-aligned.

The Lenzing Group avoids any double counting by evaluating the data for each key performance indicator independently. All identified economic activities only count once for the environmental objective of "Climate Change Mitigation". The Lenzing Group calculates the 3 KPIs (turnover, CapEx and OpEx) according to the definition of the Delegated Regulation (EU) 2021/2178. There were no significant changes in the application of the calculations compared to the previous financial year. The use of automatic data processing tools can lead to rounding differences in the addition of rounded amounts and percentage rates.

## Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Table 12

| Financial year 2024 | Year | | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code (2) | Turnover (3) EUR mn | Proportion of Turnover, 2024 (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) turnover, 2023 (18) | Category enabling activity (19) | Category transitional activity (20) |
| Text | | Currency | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0% | | | | | | | | | | | | | | | | |
| Of which enabling | | 0 | 0% | | | | | | | | | | | | | | | E | |
| Of which transitional | | 0 | 0% | | | | | | | | | | | | | | | | T |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| Manufacture of soda ash | CCM 3.12. | 4.2 | 0.2% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.2% | | |
| Transmission and distribution of electricity | CCM 4.9. | 1.0 | 0.0% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.1% | | |
| Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels | CCM 4.19. | 9.6 | 0.4% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.7% | | |
| Cogeneration of heat/cool and power from bioenergy | CCM 4.20. | 17.4 | 0.7% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.6% | | |
| Turnover of Taxonomyeligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 32.3 | 1.2% | 1.2% | 0% | 0% | 0% | 0% | 0% | | | | | | | | 1.6% | | |
| A. Turnover of Taxonomy-eligible activities (A.1+A.2) | | 32.3 | 1.2% | 1.2% | 0% | 0% | 0% | 0% | 0% | | | | | | | | 1.6% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities | | 2,631.6 | 98.8% | | | | | | | | | | | | | | | | |
| **Total** | | **2,663.9** | **100%** | | | | | | | | | | | | | | | | |

| | Proportion of turnover/ Total turnover | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 0% | 1.2% |
| CCA | 0% | 0% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

Compared to previous years the revenue for cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels (CCM 4.19.) decreased due to changed energy prices.

## Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Table 13

| Financial year 2023 | Year | | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code (2) | CapEx (3) EUR mn | Proportion of CapEx, 2024 (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2023 (18) | Category enabling activity (19) | Category transitional activity (20) |
| Text | | Currency | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0% | | | | | | | | | | | | | | | | |
| Of which enabling | | 0 | 0% | | | | | | | | | | | | | | | E | |
| Of which transitional | | 0 | 0% | | | | | | | | | | | | | | | | T |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| Transmission and distribution of electricity | CCM 4.9. | 0.3 | 0.2% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.2% | | |
| Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels | CCM 4.19. | 0.8 | 0.5% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.4% | | |
| Cogeneration of heat/cool and power from bioenergy | CCM 4.20. | 2.0 | 1.3% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 5.6% | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | CCM 6.5. | 2.2 | 1.4% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.9% | | |
| Installation, maintenance and repair of renewable energy technologies | CCM 7.6. | 0.0 | 0.0% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.1% | | |
| Acquisition and ownership of buildings | CCM 7.7. | 11.0 | 7.1% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 8.1% | | |
| CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 16.3 | 10.5% | 10.5% | 0% | 0% | 0% | 0% | 0% | | | | | | | | 15.3% | | |
| A. CapEx of Taxonomy-eligible activities (A.1+A.2) | | 16.3 | 10.5% | 10.5% | 0% | 0% | 0% | 0% | 0% | | | | | | | | 15.3% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| CapEx of Taxonomy-non-eligible activities | | 139.5 | 89.5% | | | | | | | | | | | | | | | | |
| **Total** | | **155.9** | **100%** | | | | | | | | | | | | | | | | |

| | Proportion of CapEx/ Total CapEx | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 0% | 10.5% |
| CCA | 0% | 0% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

In the reporting year, CapEx from taxonomy-eligible activities fell by EUR 138.1 mn due to a general reduction in investment activities. In 2023 a new biomass power plant was acquired at site Heiligenkreuz with CapEx investments under cogeneration of heat/cool and power from bioenergy (CCM 4.20.). Capital expenditure from taxonomy-eligible output in category "C" was measured and reported accordingly (e.g. Acquisition and ownership of buildings CCM 7.7.). No major investments were made in 2024.

## Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Table 14

| Financial year 2023 | Year | | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code (2) | OpEx (3) EUR mn | Proportion of OpEx, 2024 (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2023 (18) | Category enabling activity (19) | Category transitional activity (20) |
| Text | | Currency | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0% | | | | | | | | | | | | | | | | |
| Of which enabling | | 0 | 0% | | | | | | | | | | | | | | | E | |
| Of which transitional | | 0 | 0% | | | | | | | | | | | | | | | | T |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| Manufacture of soda ash | CCM 3.12. | 1.0 | 0.5% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.2% | | |
| Transmission and distribution of electricity | CCM 4.9. | 0.5 | 0.2% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.2% | | |
| Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels | CCM 4.19. | 8.4 | 3.9% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 2.7% | | |
| Cogeneration of heat/cool and power from bioenergy | CCM 4.20. | 5.6 | 2.6% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 1.4% | | |
| OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 15.4 | 7.1% | 7.1% | 0% | 0% | 0% | 0% | 0% | | | | | | | | 4.5% | | |
| A. OpEx of Taxonomy-eligible activities (A.1+A.2) | | 15.4 | 7.1% | 7.1% | 0% | 0% | 0% | 0% | 0% | | | | | | | | 4.5% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| OpEx of Taxonomy-non-eligible activities | | 201.4 | 92.9% | | | | | | | | | | | | | | | | |
| **Total** | | **216.8** | **100%** | | | | | | | | | | | | | | | | |

| | Proportion of OpEx/ Total OpEx | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 0% | 7.1% |
| CCA | 0% | 0% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

No major changes in the OpEx for 2024 in comparison to 2023.

The total turnover covers the revenue recognized pursuant to International Accounting Standard (IAS) 1.82 (a), as adopted by Commission Regulation (EC) 1126/2008 and is reported in the consolidated financial statements 2024 (see consolidated income statement position "revenue"). The turnover derived from products or services, including intangibles, associated with Taxonomy-eligible and -aligned economic activities, is presented in relation to the total turnover.

The total CapEx covers book (not cash-effective) additions to property, plant and equipment, intangible assets, biological assets and right of use assets. The CapEx related to assets or processes associated with Taxonomy-eligible and -aligned economic activities, is presented in relation to the total CapEx. In the 2024 reporting year, capital expenditure decreased compared to the previous year. No acquisitions through business mergers were carried out (2023: EUR 18.3 mn).

## EU-Taxonomy CapEx

Table 15

| | EUR mn 1-12/2023 | EUR mn 1-12/2024 |
|---|---|---|
| Additions to intangible assets (see note 17 of consolidated financial statements 2024) | 8.7 | 0.8 |
| Additions to property, plant and equipment excluding down payments | 239.1 | 134.7 |
| Additions to land and buildings (see note 18 of consolidated financial statements 2024) | 27.4 | 11.1 |
| Additions to technical equipment and machinery, factory and office equipment (see note 18 of consolidated financial statements 2024) | 106.5 | 64.5 |
| Additions to down payments and assets under constructions (see note 18 of consolidated financial statements 2024) | 97.4 | 56.7 |
| Reclassification of down payments (see note 18 of consolidated financial statements 2024) | 7.8[a] | 2.4[a] |
| Additions to biological assets (see note 19 of consolidated financial statements 2024) | 0.0 | 7.3 |
| Additions to right of use assets (see note 20 of consolidated financial statements 2024) | 78.5 | 13.1 |
| **Total** | **326.3** | **155.9** |

a) Additions include prepayments amounting to EUR 4.5 mn (2023: EUR 6.5 mn), which were capitalized in the financial year. The increase in advance payments made compared to the previous period amounts to EUR 2.1 mn (2023: minus EUR 1.3 mn).

The total OpEx covers direct non-capitalized operating expenses that relate to research and development, building renovation measures, short-term leasing, maintenance and repair. Maintenance and repair expenses relate to the day-to-day servicing of property, plant and equipment assets (including maintenance material). Operating expenses associated with taxonomy-eligible economic activities are presented in relation to total operating expenses.

## EU-Taxonomy OpEx

Table 16

| | EUR mn 1-12/2023 | EUR mn 1-12/2024 |
|---|---|---|
| Maintenance and repairs including maintenance material (see note 6 of consolidated financial statements 2024) | 177.1 | 180.7 |
| Rental and leasing expenses (see note 20 of consolidated financial statements 2024) | 9.2 | 8.5 |
| Research and development expenses (see consolidated financial income statement 2024) | 69.1 | 29.2 |
| Less amortization and depreciation included in research and development expenses (see note 6 of consolidated financial statements 2024) | (53.5) | (1.6) |
| **Total** | **201.9** | **216.8** |

## Nuclear and fossil gas related activities

Table 17

| Row | Nuclear energy related activities | |
|---|---|---|
| 1. | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | NO |
| 2. | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available techniques. | NO |
| 3. | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | NO |
| | **Fossil gas related activities** | |
| 4. | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | NO |
| 5. | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | NO |
| 6. | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | NO |

# ESRS E1 Climate change

MANAGEMENT APPROACH

## Material topic: Climate change

[ESRS MDR-A 68a; GRI 3-3]

Dissolving wood pulp and fiber production are energy-intensive processes. This presents a challenge for Lenzing. Where possible, the company has eliminated fossil-based energy sources or replaced them with renewable sources. Investments in state-of-the-art technologies and low-carbon production processes at all Lenzing sites have helped to increase energy efficiency and to reduce the company's carbon emissions. Climate risks present opportunities for innovation and investment that make Lenzing more resilient to the changing regulatory landscape. The company demonstrates industry leadership as recognized in 2024 by the environmental non-profit organization CDP, which awarded Lenzing 'Climate A' for four years in a row. This sustained environmental effort has kept the company on track to meet its GHG emissions reduction targets of 42 percent in scope 1 and 2 by 2030 and 25 percent in scope 3 (baseline 2021), which also supports the bigger goal of achieving a net-zero future by 2050 in line with the Paris Agreement.

### Negative actual impacts

- Energy: Negative impact on global climate change by generating GHG emissions with the use of non-renewable energy sources (own operations).

### Positive actual impacts

- Climate change mitigation: Positive impact of sustainable wood sourcing on the maintenance of healthy and resilient forests as natural carbon sinks (own operations, upstream value chain).
- Climate change mitigation: Positive impact on downstream value chain partners by supporting the achievement of their climate-related goals by providing low-carbon fibers (own operations, downstream value chain).
- Energy: Positive impact on driving the energy transition through a circular business model and innovation (own operations).
- Energy: Positive impact on GHG emissions along Lenzing's value chain by assessing and engaging suppliers to reduce emissions (value chain).

### Risks

- Climate change adaptation: Risk to Lenzing's operations and supply chain due to the increasingly chronic physical climate hazards as indicated by climate risk assessment (own operations, upstream value chain).
- Climate change adaptation: Risk of wood scarcity from non-resilient forests and effects of increasing global average temperatures (upstream value chain).
- Climate change mitigation: Risk of increasing costs of GHG emissions from emerging regulations on carbon pricing in low-emission scenarios (own operations).
- Climate change mitigation: Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets (own operations).
- Climate change mitigation: Risk of increasing wood prices due to climate change and biomass competition (own operations).
- Energy: Risk of reputational damage if sustainability requirements in regard to energy sources are not met and carbon footprint is not reduced (own operations).
- Energy: Risk of increasing commodity costs (e.g. wood, pulp, chemicals) due to energy prices (own operations).
- Energy: Risk of biomass being reclassified as non-renewable in the Renewable Energy Directive (RED II/III) (own operations).
- Energy: Potential financial risk to Lenzing's operations and increased costs due to unforeseen energy shortages and loss of power supply (own operations).

### Actions taken [ESRS 2 MDR-A 68a]

- Lenzing Group purchases 100 percent renewable grid electricity at six production sites
- Integration and full-year operation of a biomass power plant in the energy setup at the Heiligenkreuz (Austria) site
- Replacement of gas boiler with a more efficient model has started at Lenzing's Mobile (USA) site
- The discussion and negotiation on securing biogenic energy to reach 100 percent consistently in the future at the site in Prachinburi (Thailand) is ongoing.
- New natural gas pipeline and commissioning of a gas boiler and turbine at the Nanjing (China) site to replace coal-based steam
- At the Lenzing site in Indianópolis (Brazil), the transition from heavy oil to natural gas has been initiated.
- Lenzing engages with suppliers to supply low-carbon caustic soda by using renewable electricity.
- Reducing GHG emissions in shipping pulp through marine transport in modern break bulk energy efficient shipping vessels from the site Indianópolis (Brazil) to customers in Asia.

**Further actions** (not described in more detail in E1-3)

- Update of roadmaps at group- and site-level as necessary
- Governance and steering committees are in place
- Customer engagement actions create the pull for implementing measures in scope 1, 2 and 3 of Lenzing. Thus, they indirectly influence SBT target fulfillment

### Sustainability targets

- "Near-term science-based target"
- "Long-term science-based and net-zero target"
- "Previous near-term science-based target"

### Stakeholders

- UN Fashion Charter
- Renewable Carbon Initiative (RCI)
- GHG Protocol and CEPI (Confederation of European Paper Industries)
- Cascale
- Customers
- Suppliers

### Opportunities

- Climate change adaptation: Opportunity through increased demand for low-emission products and product innovation (own operations).
- Climate change mitigation: Opportunity to de-risk Lenzing's operations and gain market share by reducing GHG emissions (own operations).
- Energy: Opportunity of decreasing energy costs by implementing concepts based on renewable energy in the long term (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Bioenergy Policy
- Group Environmental Policy and Standard
- Policy for Safety, Health and Environment (SHE)
- Sustainability Policy
- Wood and Pulp Policy
- Global Supplier Code of Conduct
- CDP

### Responsible

- Board member Chief Pulp & Technology Officer
- VP Corporate Sustainability
- Senior Manager Carbon Strategy

### Supporting

- Corporate Communications & Public Affairs
- Global Controlling
- Global Supply Chain/Purchasing
- Corporate Audit & Risk
- Global Health, Safety & Environment
- Global Strategy and M&A
- Operations Service Group
- Global Energy
- Global operations and site directors

### HIGHLIGHTS IN 2024

1. CDP Climate Change "A" rating
2. Validation of 2050 net-zero scope 1, 2 and 3 GHG emissions target by SBTi and setting of a long-term SBT for 2050 (at least 90 percent emission reduction)
3. New natural gas pipeline and commissioning of a gas boiler and turbine at the Nanjing (China) site to replace coal-based steam
4. Lenzing engages with suppliers to supply low-carbon caustic soda by using renewable electricity

## Governance

[ESRS E1 ESRS 2 GOV-3]

The Remuneration Policy of Lenzing AG for the performance-based remuneration of the Managing Board is linked not only to financial performance criteria but also to non-financial sustainability (ESG) criteria. For more details, please see the "Board remuneration linked to sustainability performance" section in the "ESRS 2 General disclosures" chapter.

## Strategy

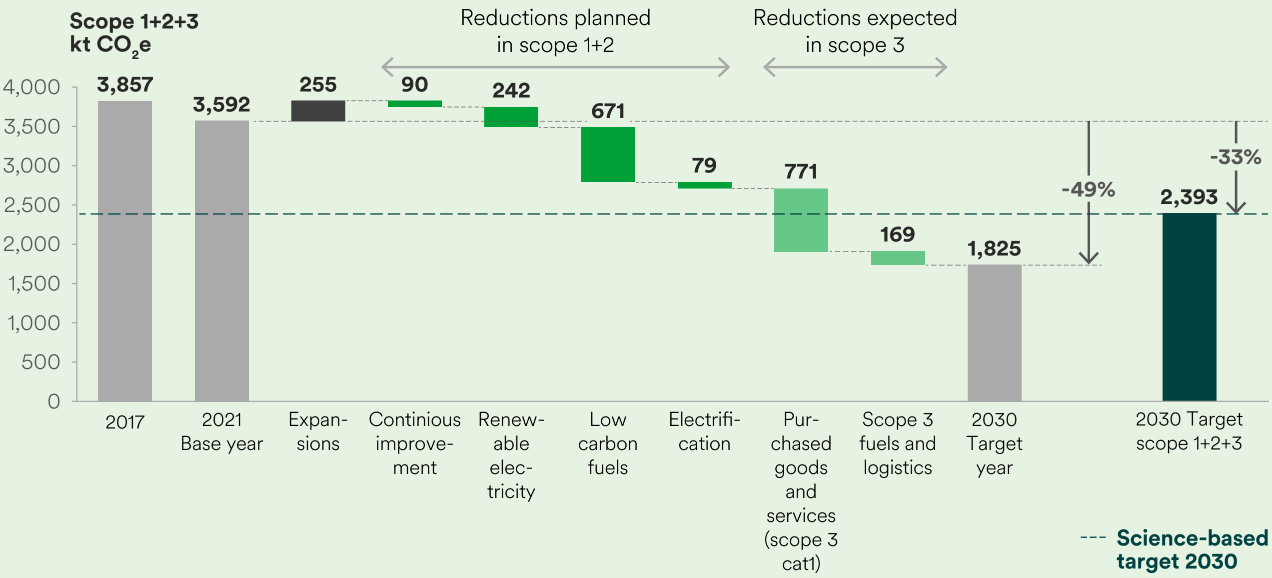
[ESRS E1-1; GRI 3-3e]

## Climate action plan

In line with the Paris Agreement (1.5 °C target) and the UN SDG 13, the Lenzing Group has set ambitious SBTs for reducing absolute GHG emissions by 42 percent in scope 1 and 2 and by 25 percent in scope 3 by 2030 (baseline 2021), and aims to achieve net-zero GHG emissions by 2050.

Lenzing is committed to its science-based targets (SBTs) for 2030 and 2050 and has been implementing the following roadmap, which is periodically updated to incorporate evolving technological options and changing market conditions.

**Climate Action Plan** Figure 07




* Purchased goods and services reductions happens through renewable electricity, cleaner fuels and electrification.

For more information on the key actions described by the decarbonization levers, see the "Actions" section below in this chapter.

Lenzing's climate action plan for climate change mitigation is a component of Lenzing's long-term business strategy. It was approved by the Managing Board. Currently, Lenzing is working to strengthen the plan and to meet the formal requirements of a transition plan under the European Sustainability Reporting Standards (ESRS), as well as the European Corporate Sustainability Due Diligence Directive (CSDDD) by 2026.

Since 2021, Lenzing's investments have included around EUR 20 mn in the viscose site in Nanjing (China)) for the transition from coal to natural gas, the purchase of a 43 MW biomass power plant for the lyocell site in Heiligenkreuz (Austria) for around EUR 20 mn, and the installation of a new sulfur recovery system in Purwakarta (Indonesia), which reduces Lenzing's scope 3 chemicals contribution (and has led to the whole Group obtaining the EU ecolabel). Lenzing has implemented numerous other initiatives, such as buying grid-based renewable energy in six facilities globally, and the purchase of more than 80 percent biomass energy for the lyocell site in Prachinburi (Thailand). All these initiatives have led to higher operational expenditures (OpEx) for the Group. Lenzing is able to offer premium products with a low carbon footprint due to these measures.

Lenzing has been working with suppliers to produce and supply low-carbon raw materials involving long-term contracts.

The teams are looking into more GHG reduction options to further decarbonize Lenzing sites and the supply chain in different countries (please see the roadmap for key levers).

Currently, there are several barriers to executing the action plan. Barriers include the availability and accessibility of grid-based renewable electricity, unequal costs of renewable fuels (green hydrogen, ammonia) compared to fossil-based electricity and fuels, the lack of a level playing field for low-carbon products, and the willingness of business partners to share the costs and risks of investments.

Lenzing has been working with its partners and policy makers to find solutions to these barriers, create incentives to implement climate action plans and to support the transformation of the industry.

A cross-functional project team has been set up under the leadership of the Chief Pulp & Technology Officer (CPO). The project management team includes a steering committee to enable alignment across all decision-makers and functions, expedite decisions and ensure the involvement of different owners of capital projects, sites and functions. A dedicated global project manager is operationally responsible for facilitating the roadmap preparation and bringing best practice examples to implement climate targets at the facility and group levels. Additionally, the manager supports the functions in integrating climate in business decisions.

To ensure engagement and empowerment, production sites and functions are responsible for developing and implementing roadmaps, so that they can effectively manage their portfolios and specific agendas in the medium- and long-term. This process is facilitated by the project manager.

The Lenzing Group is not excluded from the EU Paris-aligned benchmarks.

Locked-in GHG emissions: Lenzing's coal boilers at the site in Purwakarta (Indonesia) are significant sources of future locked-in GHG emissions throughout their operational lifetimes. These emissions could jeopardize the achievement of the SBTs and net-zero targets by 2050 if the current infrastructure is not changed. Replacing the coal boilers with new alternative fuel-compatible boilers could substantially mitigate these risks and support the GHG emission reduction targets. This is envisaged in Lenzing's climate action plan. However, there are many barriers and challenges that need to be overcome with the support of business partners and initiatives.

## Strategy, targets and roadmaps

Lenzing's corporate strategy, "Better Growth", includes climate change targets to ensure that climate change is incorporated into the business strategy and decision-making.

To effectively achieve the SBTs, the global project manager has developed a high-level SBT roadmap for the Lenzing Group with potential site-level targets. These scenarios and site targets have been aligned with the CPO, steering committee and other decision-makers of key functions and regions. This has provided guidance and direction and facilitated the development of roadmaps by each production site and function.

## Integration in functions and projects

Operations: Each of Lenzing's nine production sites is engaged in developing its targets and roadmaps.

Business management and sales: Lenzing places great importance on communicating the climate impacts of its products to customers and business partners. During sales processes the results of product LCAs support conveying the benefits of Lenzing's low-carbon fiber portfolio related to climate change (see "Sustainable innovations" chapter).

Procurement and supplier engagement: Lenzing engages and partners with key chemicals and pulp suppliers to reduce its scope 3 emissions. The intention is to produce and supply raw materials with lower GHG emissions and lower other negative impacts. Lenzing focuses on maintaining long-term relationships, helping suppliers to achieve improvements and being part of their transition journey by using their green products.

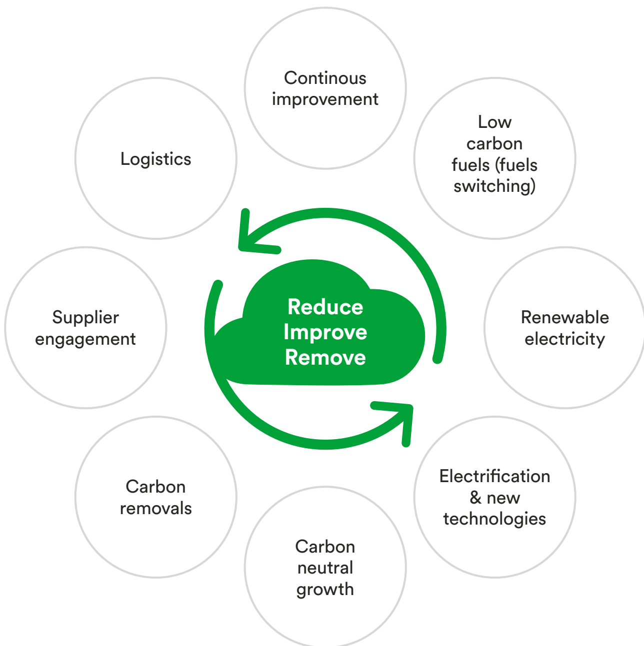
Strategy, mergers and acquisitions: Capital projects, whether brownfield or greenfield, have to align with the climate change strategy and targets. In this regard, some projects have been assessed for their benefits and contribution to climate change impact as part of the Managing Board's decision-making process. Internal carbon pricing for key projects is used to support this process.

Finance and controlling: In the yearly medium-term plan (MTP) budgeting process, projects were assessed for their relevance to the climate action plan as well as their GHG impacts. The results were implemented as additional decision criteria.

## Levers to meet SBTs

Based on technical feasibility, Lenzing deploys different levers to reduce scope 1, scope 2 and scope 3 emissions, as seen in figure 08.

**Levers to reach science-based targets** Figure 08




For more information on the key actions described by the decarbonization levers, see the "Actions" section below in this chapter.

# Risk and opportunity assessment

ESRS E1 ESRS 2 SBM-3; GRI 3-3ab, 201-2]

The TCFD assessment procedure was implemented in Lenzing for the first time in 2020 and further developed in the reporting year aiming to quantify climate change-related risks in Lenzing's operations and its value chain. The analysis covered effects on short-, medium- and long-term time scales and different emission scenarios capturing drivers of physical and transitional risks. The table 18 below summarizes the scenarios' narrative and assumptions.

**Risk and opportunity assessment - climate scenario characteristics[a]**

Table 18

| Climate scenario | No Policy | Stated Policy | Paris Ambition |
|---|---|---|---|
| | **(SSP5-8.5)** | **(SSP2-4.5)** | **(SSP1-1.9)** |
| Global temperature rise (by 2100) | >4 °C | 2.5 °C | <1.5 °C |
| Policy narrative | Assumes that climate policies are repealed, resulting in high warming and extreme physical risks | Includes all pledged policies even if not yet backed up by implemented effective policies. | Limits global warming to 1.5 °C through stringent climate policies and innovation, reaching global net zero GHG emissions around 2050. |
| Policy reaction | Policy reversal - repeal of current policies | Aligned with Nationally Determined Contributions (NDCs) | Immediate and smooth |
| Technology change | Slow change | Slow change | Fast change |
| Carbon dioxide removal | Not used | Low-medium use | Medium-high use |
| Regional variation | Low variation | Medium variation | Medium variation |
| Global carbon price (2030, 2050) | 0, 0 | 43, 140 | 131, 446 |
| Demand for low carbon products | Low | Medium | High |
| Global sustainable purchasing trend - % share of population purchasing sustainably (2030, 2050) | 23%, 22% | 36%, 50% | 53%, 60% |

a) Source: Risilience carbon price and consumer trend analysis including Network for Greening the Financial System (NGFS) Scenarios Portal

Outcomes of the quantified risks are summarized in table 19 and presented qualitatively in low-, medium-, and high-risk categories in line with the internal ERM and double materiality approach.

## Projected Climate Risk Potential

Table 19

| | | No Policy | | | Stated Policy | | | Paris Ambition | | | Description of risk category | Result description | Key assumptions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0-5 | 6-10 | 11-20 | 0-5 | 6-10 | 11-20 | 0-5 | 6-10 | 11-20 | | | |
| Transitional risks | Policy | ○ | ○ | ○ | ◐ | ● | ● | ● | ● | ● | Legislation enacted by governments to price and penalize GHG emissions. | In a Paris Ambition scenario, the transition to a lower carbon economy means there will be increased carbon regulations globally reflected in carbon prices to keep temperatures under 1.5 °C, therefore greater Policy risk for Lenzing.<br><br>The "Emerging regulations on carbon pricing" risk is further described in table 20. | The policy model contains carbon pricing data per country and sector which is then applied to each country and scope of emissions. Upstream impacts relate to costs of carbon pricing, while downstream impacts affect revenue (as reflected in higher product price). |
| | Technology | ○ | ○ | ○ | ○ | ○ | ○ | ◐ | ○ | ○ | Disruptive lower-carbon technology changes in key economic sectors and risks to carbon-intensive assets and operations. | In a Paris Ambition scenario, the transition to green assets needs to happen faster across the globe to keep temperatures under 1.5 °C, therefore causing greater potential Technology Impairment risk for Lenzing in the short term. | Technology risk is based on machinery assets held by Lenzing and its' dependencies on fossil fuel and depreciation rates. |
| | Consumer sentiment | ○ | ● | ● | ○ | ○ | ○ | ◐ | ● | ● | Consumer preferences shift towards sustainable alternative products and services, transforming market demand. | In a Paris Ambition scenario, the transition to a lower carbon economy means some sectors that Lenzing sells into will shrink and therefore Lenzing's customer base, and hence demand, will reduce.<br><br>On a product level, Lenzing's product portfolio is seen as the sustainable alternative and therefore would see a potential upside of demand as customers move towards more sustainable purchasing. This is addressed in two transition opportunities further described in table 20. | The Consumer Demand model covers not only consumer demand for products, but also the macro demand of business sectors for Lenzing's products. A generalised sector split to the demand model still needs improvement to better reflect B2B relations of Lenzing. |
| | Liability | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | Litigation brought by plaintiffs against companies for their liabilities in causing harm from climate change. | Liability risk for Lenzing is minimal due to their sector and location being less likely to receive litigation cases, and Lenzing's emissions intensity being close to the sector average. | Liability risk is based on Lenzing's sector, location, market share and emissions intensity compared to sector average.<br><br>No additional risk assumed in long-term projection as 10 years are considered to peak for lawsuits. |
| | Investor sentiment | ○ | ● | ● | ○ | ◐ | ◐ | ○ | ○ | ○ | Investors prioritize returns from lower-carbon companies, driving cost of capital and valuation changes. | Investor risk for Lenzing is minimal due to Lenzing's emissions intensity being close to the sector average. | Investor risk is based on Lenzing's cost of capital and the emissions intensity of Lenzing compared to the sector average.<br><br>No additional risk assumed in long-term projection as 10 years are considered to peak for investor sentiment. |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reputation | Medium risk | High risk | High risk | Low risk | High risk | High risk | Medium risk | High risk | High risk | Customer activism influenced by company’s actions to address climate change risk. | In a No Policy scenario, global action on climate change has slowed and therefore high emitting industries will be targeted in consumer activism. On the other hand, the transition to a lower carbon economy in a Paris Ambition scenario means that individual companies that are not taking action to combat climate change in line with their peers will be more at risk of consumer activism.<br><br>The "Reputational risk in the textile sector" risk is further described in table 20. | The reputation model shows impacts in terms of reduced demand for products, as activism and boycotts increase.<br><br>No additional risk assumed in long-term projection as 10 years are considered to peak for boycotts. |
| Physical risks | Facility disruption | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Climate change causes a variety of weather events that will impact the ability to operate at facilities and cause damage to assets. | The increasing severity and frequency of heatwave events is potentially the largest driver of revenue loss at Lenzing facilities.<br>Despite no significant financial risk was evaluated in this process, the "Chronic physical climate risks" are further described in table 20. | The facility disruption model applies vulnerability curves, showing operational days lost and time to recover, of different climatic events to each facility based on their facility type. A value per day of disruption is then generated for each facility to calculate the overall revenue loss and assets damage costs. |
| | Supply risk | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Low risk | Climate changes in temperature and precipitation impact the yield of raw materials at the growing locations. | Raw materials risk results for Lenzing from the applied model appears as minimal due to current coverage of only European Spruce in the analysis.<br>Despite the limitations on background data availability, e.g. beech and eucalyptus, potential raw material supply shortage, especially wood, is reflected in the "Chronic physical climate risks " further described in table 20. | Supply risk is based on Lenzing’s raw material volume for European spruce and pine, the sourcing footprints and the dependency of Lenzing products on the availability of this raw material. In the latest iteration, only data for climate change-related effects on European spruce was available. However, as other tree species used in Lenzing are similarly prominent, such as beech and eucalyptus, a comprehensive analysis of supply risk of raw materials was not yet possible. |

**Color code:**

| | |
|---|---|
| ○ | Low risk |
| ◐ | Medium risk |
| ● | High risk |

The following table 20 outlines key climate-related risks and opportunities identified in the Lenzing ERM system and provides details of Lenzing’s response and mitigation measures. A TCFD index in the Annex of this report shows the link between the TCFD recommendations, the contents of this report and other external publications such as the CDP Climate Change.

**Transition risks, physical risks, and transition opportunities** Table 20

| Characterization | Risk/opportunity description | Lenzing's response |
|---|---|---|
| **Transition risks** | **Emerging regulations on carbon pricing** | |
| | Emerging regulations, especially on green taxation and carbon pricing, constitute relevant risks to Lenzing. In the countries where Lenzing has carbon intensive processes, regulations on greenhouse gas (GHG) emissions have already been implemented (energy efficiency improvements, regulated emission allowances) and stricter regulations that could increase the costs of GHG emissions are under development. A qualitative impact assessment including a detailed description of this risk is included in the results of the climate risk analysis under the "Policy" category in table 19. | Lenzing's risk response strategy aims at reducing the exposure to potential green taxations by implementing stringent measures to reduce GHG emissions and by proactively steering the technology portfolio. In 2023, Lenzing updated its SBTs to 1.5 °C aligned to reduce its total GHG emissions in scope 1 and 2 by 42 percent and in scope 3 by 25 percent until 2030 (compared to a 2021 baseline). Lenzing is therefore mitigating the risks from emerging carbon pricing regulations. Lenzing also has a validated SBT for a long-term net-zero target with 90 percent absolute reduction of scope 1, 2 and 3 emissions until 2050 (baseline 2021). |
| | **Increased biomass costs** | |
| | Wood is the Group's most important natural resource for manufacturing regenerated cellulose fibers. Despite Lenzing's sustainable sourcing policy and backward-integrated production, wood prices are at risk of increasing due to climate change, growing global biomass demand and alternative land use. Growing competition for land use and natural resources is affecting long-term structural biomass prices. The risk of increased biomass costs is not fully reflected in the results of the climate risk analysis, as the risk model used was limited to a few wood species relevant to Lenzing, such as spruce and pine. | Lenzing has already taken various measures to mitigate this risk, with supplier diversification being the most important risk mitigation measure. By procuring wood from a broader range of countries or less risk exposed wood species (e.g. pine), Lenzing minimizes the risk of supply chain disruption that may occur in a single sourcing region. Moreover, in 2022 Lenzing started the production of dissolving wood pulp in its new pulp mill in Brazil. The mill is supplied by an own FSC® certified plantation located next to the mill. Hence, Lenzing's pulp mills are not exclusively dependent on European wood supply. Secondly, to reduce long-term residual risk, Lenzing endorses sustainable forest management to improve the resilience of forests to the negative impacts of climate change and also invests in a few conservation projects to improve resilience of forests. |
| | **Reputational risk in the textile sector** | |
| | The textile industry, where Lenzing's products are commonly used, is being scrutinized for its sometimes unsustainable and resource-intensive raw material consumption and production processes. This could lead to negative media coverage and further stigmatize the sector, which could, in turn, influence the Group's revenue. A qualitative impact analysis for Lenzing resulting from the reputational risk in the textile sector is reflected in the results of the climate risk analysis in the "Reputation" section and to a lesser extent in the "Consumer sentiment" category in table 19. | Lenzing has various targets to address important sustainability impacts and thus continuously improves its enviornmental footprint. Lenzing responds to potential negative media coverage of the fashion and textile industry by proactively and transparently disclosing information on its business practices and environmental footprint. Through its communication channels, Lenzing underlines its contributions to a low-carbon economy and the net benefits created by its speciality products compared to generic products in the market. |
| **Physical risks** | **Chronic physical climate risks** | |
| | Climate models indicate that rising global mean temperatures will lead to an increase in chronic physical climate hazards. The Lenzing Group's operations and supply chain could be increasingly affected by extreme weather events, water scarcity or other physical hazards of varying severity. From a supply chain perspective, for example, climate change related impacts such as heavy rainfall or forest fires could affect Lenzing's key pulp supplies or the new pulp plant in Brazil, resulting in a shortage of high-quality pulp and bottlenecks in fiber production. In addition, climate change-induced disruptions such as heat stress could lead to more frequent pest outbreaks, droughts and rising winter temperatures, which could disrupt wood suppliers' planned harvest schedules and thus pose a risk to Lenzing's wood supply, especially in the European pulp mills. For Lenzing's own production facilities, for example, water scarcity could also mean, that less water can be drawn from the Ager river at the Lenzing site during longer dry periods, especially in the summer months, which in turn would lead to a decline in production. The effects of climate-related physical risks on Lenzing's own production facilities as well as on Lenzing's supply chain covering a few important suppliers were taken into account in the climate risk analysis presented in table 19. | All identified risks arising from a disruption in the supply chain for the various raw materials, chemicals and energy required for pulp and fiber production are managed by Lenzing through comprehensive supplier diversification and holistic inventory and resource management. In addition, Lenzing has initiated the "Safe Supply" project, comprising around 300 initiatives for alternative suppliers and supply routes for important raw materials and chemicals. The effects of climate change-related heavy rainfalls and the associated potential flooding at affected locations are mitigated by appropriate flood protection and evacuation plans based on flood risk assessments. Possible water shortages due to prolonged dry periods at affected production sites are counteracted by targeted measures in the areas of water efficiency, water reuse, water recycling and water conservation. |
| **Transition opportunities** | **Increased demand for low-emission products and product innovation** | |
| | As consumer needs and preferences shift toward low-emission products, the development and expansion of low-emission goods and services is expected to have substantial growth potential. Lenzing applies life-cycle thinking, sustainable sourcing, efficient use of biomass and partnerships with stakeholders along the value chain in order to contribute to more sustainable consumption and production patterns. All these factors mean that Lenzing's products offer net-benefits. | In order to benefit from the expected higher demand for responsibly produced and low-emission products, Lenzing has embarked on an ambitious growth strategy. With the commissioning of the new lyocell fiber plant in Thailand and the new pulp plant in Brazil in 2022 as well as the conversion to LENZING™ ECOVERO™ viscose fibers at the Indonesian site with lower emissions leading to EU Ecolabel and the switch to modal fiber production as well as shifting from coal to natural gas based energy at the Nanjing (China) site in 2023, and aquision of a new biomass power plant in Heiligenkreuz (Austria), Lenzing is making an important contribution to reducing greenhouse gas emissions and strengthening the Group's low emission products portfolio. |

The Lenzing Group considers rapid decarbonization to be a major business opportunity to de-risk its operations, build resilience, launch products with a lower climate impact and harvest energy efficiency gains. Lenzing will substantially reduce its GHG emissions in the coming years through a number of corresponding measures (decarbonization strategy) and SBTs. Furthermore, Lenzing aims to reach net-zero greenhouse gas emissions by 2050.

Lenzing's SBTs are approved by the Science Based Targets initiative, making Lenzing one of the first regenerated cellulose fiber producer to have approved SBTs. Lenzing's decarbonization strategy is based on reducing its emissions, not offsetting them. To reach the targets, Lenzing set up a cross-functional steering committee to make necessary decisions under the leadership of the managing board. Lenzing's GHG abatement activities will involve a series of measures to reduce carbon emissions both within its operational boundaries and along its supply chain.

# Impact, risk and opportunity management

[ESRS E1 ESRS 2 IRO-1]

The methodological approach and basic assumptions of the TCFD assessment procedure are described in detail in the "Climate-related risk assessment according to TCFD" section in the "ESRS 2 General disclosures" chapter. For the general approach of the double materiality analysis, please see the "Double materiality analysis" section in the "ESRS 2 General disclosures" chapter.

# Policies

[ESRS E1-2; GRI 3-3c]

Lenzing's policies address climate change mitigation and adaptation. They act as a set or framework of general objectives and management principles that are used for decision-making.

**Sustainability Policy**
In Lenzing's 2019 Sustainability Policy, the Executive Committee promoted the aim of continuously improving sustainability performance, resource efficiency as well as decarbonization along the entire value chain. Lenzing is committed to the conservation of natural resources, energy, and biodiversity. The company consistently identifies, evaluates, and manages environmental risks, opportunities, and impacts, while regularly monitoring, reviewing, and reporting on its progress.

The Sustainability Policy covers the following impacts, risks and opportunities: Risk to Lenzing's operations and supply chain due to the increasingly chronic physical climate hazards as indicated by climate risk assessment; Risk of wood scarcity from non-resilient forests and effects of increasing global average temperature; Positive impact of sustainable wood sourcing on the maintenance of healthy and resilient forests as natural carbon sinks; Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers; Risk of increasing costs of GHG emissions from emerging regulations on carbon pricing in low-emission scenarios; Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets; Risk of increasing wood prices due to climate changes and biomass competition; Opportunity to de-risk Lenzing's operations and gain market share by reducing GHG emissions; Positive impact on driving the energy transition through a circular business model and innovation; Positive impact on GHG emission along Lenzing's value chain by assessing and engaging suppliers to reduce emissions; Potential financial risk to Lenzing's operations and increased costs due to unforeseen energy shortages and loss of power supply.

For more information on the ESRS 2 MDR-P of the Sustainability Policy, please see the section "Sustainability Strategy" of the "ESRS 2 General disclosures" chapter.

**Policy for Safety, Health and Environment (SHE)**
In its SHE Policy, Lenzing commits to protecting the environment it operates in by minimizing emissions and waste and reiterates the need for improved resource efficiency.

The SHE Policy covers the following impacts, risks and opportunity: Positive impact of sustainable wood sourcing on the maintenance of healthy and resilient forests as natural carbon sinks; Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers; Risk of increasing costs of GHG emissions from emerging regulations on carbon pricing in low-emission scenarios; Risk of not achieving energy transformation in line with the Lenzing Group's science-based Targets; Risk of increasing wood prices due to climate changes and biomass competition; Opportunity to de-risk Lenzing's operations and gain market share by reducing GHG emissions

For more information on the ESRS 2 MDR-P of the SHE Policy, please see the "Policies" section of the "E2 Pollution" chapter.

**Group Environmental Policy and Standard**
The Group Environmental Policy and Standard supports Lenzing's sustainability strategy and SHE Policy. It sets out a detailed group approach to each key environmental material issue that has been identified through environmental aspects and impacts assessment as well as the group materiality analysis. It also supports Lenzing's climate change target by improving energy efficiency and reducing energy consumption at all Lenzing's sites.

The Group Environmental Policy and Standard addresses the following impacts, risk and opportunities: Risk to Lenzing's operations and supply chain due to the increasingly chronic physical climate hazards as indicated by climate risk assessment; Opportunity through increased demand for low-emission products and product innovation; Positive impact of sustainable wood sourcing on the maintenance of healthy and resilient forests as natural carbon sinks; Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers; Risk of increasing costs of GHG emissions from emerging regulations on carbon pricing in low-emission scenarios; Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets; Risk of increasing wood prices due to climate changes and biomass competition; Opportunity to de-risk Lenzing's operations and gain market share by reducing GHG emissions; Negative impact on global climate change by generating GHG emissions with the use of non-renewable energy sources; Risk of reputational damage if sustainability requirements in regard to energy sources are not met and carbon footprint is not reduced; Potential financial risk to Lenzing's operations and increased costs due to unforeseen energy shortages and loss of power supply.

For more information on the ESRS 2 MDR-P of the Group Environment Policy and Standard, please see the "Policies" section in the "E2 Pollution" chapter.

The policies are implemented through Lenzing's climate action plan. Switching to renewable energy is a crucial step for Lenzing and the Group already relies on a mix of renewables including hydro, solar and wind energy. For more information, please see the "Actions" section of this chapter.

**Bioenergy Policy**
In 2023, the Bioenergy Policy was approved by the Chief Pulp Officer (CPO) and the Chief Sustainability Officer (CSO) while the site directors are responsible for its roll-out and implementation at site level. It provides guidance on biomass sourcing for Lenzing's energy production as well as on biomass sourcing for third parties delivering bioenergy to the production facilities of the Lenzing Group. Lenzing strives to source biomass for energy exclusively from non-controversial sources as laid out in the Wood and Pulp Policy. For woody by-products and agricultural residues, Lenzing requires transparency about the sourcing region and demands that the biomass is at least legally harvested and connected to a low risk of deforestation. Lenzing generally avoids biomass from agricultural commodities with a high risk of deforestation (defined by Annex 1 of the EU Deforestation Regulation), particularly, residues from palm oil production. If such products are considered for supply, compliance with this policy has to be assured. Regular risk assessments specific for the sourcing regions, audits and on-site visits as well as independent third-party certification of the biomass for energy programs (like the ones endorsed by the EU Renewable Energy Directive RED II) help to ensure the policy compliance and the commitment to no deforestation. Lenzing's production sites are responsible for the assessment of the biomass being used. If it is discovered that Lenzing sources biomass from controversial sources, engagement with suppliers is undertaken to encourage practices aligned with the Bioenergy Policy. If the response is unsatisfactory, the supplier is eliminated from Lenzing's supply chain with a reasonable lead time.

The Bioenergy Policy covers the following risks and opportunity: Risk of reputational damage if sustainability requirements in regard to energy sources are not met and carbon footprint is not reduced; Risk of increasing commodity costs (e.g. wood, pulp, chemicals) due to energy prices; Risk of biomass being reclassified as non-renewable in the Renewable Energy Directive (RED II/III); Opportunity of decreasing energy costs by implementing concepts based on renewable energy in the long term.

**Wood and Pulp Policy**
The Wood and Pulp Policy covers the "Positive impact of sustainable wood sourcing on the maintenance of healthy and resilient forests as natural carbon sinks". For more information on the ESRS 2 MDR-P of the Wood and Pulp Policy, please see the "Policies" section of the "E4 Biodiversity and ecosystems" chapter.

**Global Supplier Code of Conduct**
All suppliers must comply with Lenzing's Global Supplier Code of Conduct and are expected to use natural resources (e.g. water, sources of energy and raw materials) in an economical and responsible way. Negative impacts on the environment and climate should be minimized or eliminated at their source or through practices such as the modification of production, maintenance and facility processes, material substitution, conservation, recycling and material reutilization. Suppliers should engage in the development of climate-friendly products and processes to reduce power consumption and greenhouse gas emissions.

The Global Supplier Code of Conduct addresses the following impacts and opportunity: Opportunity through increased demand for low-emission products and product innovation; Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers; Positive impact on GHG emission along Lenzing's value chain by assessing and engaging suppliers to reduce emissions.

For more information on the ESRS 2 MDR-P of the Global Supplier Code of Conduct, please see the "Policies" section in the "G1 Business Conduct" chapter.

## Actions

A summary of the "Actions taken" can be found in the management approach at the beginning of this chapter. Lenzing is committed to reducing emissions in its own operations and along the entire value chain. Table 21 provides an overview of how Lenzing's forest and wood products are contributing to climate change mitigation.

The update of roadmaps at both the group and site levels as necessary, with governance and the steering committee in place, affects all decarbonization levers. While some of the actions directly reduce emissions, others influence the emission reductions trajectory via planning and implementing the decarbonization levers.

Customer engagement actions create the pull for implementing measures in scope 1, 2 and 3 of Lenzing. It is Lenzing's goal to engage TENCEL™ and VEOCEL™ customers as well as customers with approved SBTs and climate commitments. It is crucial to get them on board to buy low-carbon products. Thus, they indirectly influence SBT target fulfillment.

[ESRS E1-3; GRI 3-3d, 305-5]

As detailed below, the most important actions taken by Lenzing during the reporting year are linked to critical decarbonization levers. Depending on the type of action, for instance fuel switching or supplier engagement, Lenzing plans to implement them using either internal resources currently available or by allocating additional resources as necessary.

**"Continuous improvement" lever**
Continuous improvement involves regular optimization of processes, systems and operations to enhance energy efficiency and reduce emissions over time.

As part of its continuous improvement efforts, Lenzing has started replacing the existing gas boiler with a more efficient model at the Lenzing site in Mobile (USA). The gas boiler is crucial for generating the steam and heat required throughout the fiber production process. The new boiler will avoid approximately 8,000 tons of $CO_2$ emissions in scope 1 annually at this site when the project is completed in 2025. This action is not explicitly captured by the climate target governance but is part of the corporate strategy for operational improvements, increasing energy efficiency and cost competitiveness, which also contributes to achieving the SBTs.

**"Low-carbon fuels (fuel switching)" lever**

Lenzing is taking a range of actions to further improve its energy mix. The majority of scope 1 and 2 reductions by 2030 will be achieved by transitioning to low-carbon fuels to cover primary energy consumption. This was already initiated through projects in Nanjing (China) and Heiligenkreuz (Austria), as outlined below, and will be continued with projects at other sites, where Lenzing considers replacing fossil fuels, for example coal fired boilers, with low carbon alternatives.

In 2024, the installation and successful commissioning of a new natural gas pipeline and related energy equipment (boiler and turbine) at the Nanjing (China) production site marked a significant step towards transitioning from coal-based steam to a low-carbon, 100 percent natural gas-based system. This switch constitutes a solid basis for the next step in further reducing GHG emissions. Once the natural gas-based energy supply has been fully established (with 100 percent natural gas expected by 2027) a reduction of 100,000 tons of GHG emissions as compared to 2021 is expected. For more information about the required CapEx investment for this action, please see the "Climate Action Plan" at the beginning of this chapter.

At the Lenzing site in Indianópolis (Brazil), the transition from heavy oil to natural gas has been initiated, with a contract successfully finalized with the gas supplier. The site has an agreement for Liquefied Natural Gas (LNG) to be delivered starting from 2026. This has been devised as an ongoing measure. The reduction of scope 1 GHG emissions is expected to amount to around 38,000 tons. This is a follow up action to the measure to increase the share of renewable energy at the site by using excess bioenergy from the pulp production facility in Indianópolis (Brazil), which has already been achieved.

The Prachinburi (Thailand) site has faced challenges in consistently receiving 100 percent biomass energy due to reliability issues at the supply partner's biomass co-generation plant. The site managed to achieve 100 percent biomass energy for only a few months during the reporting year. Therefore, both parties have agreed to work together on developing short-term and long-term technical solutions. The negotiations about securing a consistent, 100 percent biogenic energy supply in the future are ongoing. There will be no immediate reduction of scope 1 and scope 2 emissions upon full achievement of this action. However, emissions reductions are expected to the tune of the sites' current emission level, which are approximately 68,000 tons $CO_2$, that will materialize until 2030 at the latest.

In 2024, Lenzing integrated a 43-megawatt biomass power plant into its energy system at the Heiligenkreuz (Austria) site and began full-year operation. This plant, purchased in the previous year, generates renewable electricity and steam for Lenzing's operations, directly reducing the need for fossil-fuel-based energy. By 2025 the mitigation of approximately 50,000 tons of scope 1 GHG emissions per year is expected. For more information about the required CapEx investment for this action, please see the "Climate Action Plan" at the beginning of the chapter. The acquisition of the biomass energy plant was unplanned, but it was pursued as an unexpected opportunity to contribute to achieving the SBTs.

**"Renewable electricity" lever**

The Lenzing Group purchased 100 percent electricity from renewable sources at six production sites in 2024, leading to a mitigation of around 400,000 tons of GHG emissions. This action is planned to continue in the following years with a similar amount of reduction expected. By transitioning to renewable electricity, Lenzing not only minimizes its environmental impact but also accelerates progress in reducing its carbon footprint across all operations. This shift is a fundamental part of Lenzing's broader decarbonization strategy, contributing to the reduction of scope 2 emissions.

**"Supplier engagement" lever**

Supplier engagement is a crucial lever for reducing scope 3, category 1 emissions ("purchased goods and services"). Lenzing collaborates with key suppliers to provide low-carbon caustic soda produced using renewable electricity. Supplier engagement makes suppliers aware of their product's environmental footprint and potential for improvement, thereby ensuring the availability of low-carbon caustic soda and facilitating its purchase by Lenzing. As part of its supplier engagement, Lenzing is in continuous discussions with top suppliers and also shares its expertise (for instance in relation to green electricity and LCA). Supplier specific carbon footprints are regularly requested. In 2024, Lenzing purchased low-carbon caustic soda from two suppliers in Europe and one supplier in Asia. This saved around 95,000 tons of GHG emissions as compared to conventional caustic soda. In the coming years, Lenzing expects mitigation amounts to increase as a result of this action. The effect of using low-carbon caustic soda reduces GHG emissions along Lenzing's value chain.

**"Logistics" lever**

Since 2022, Lenzing has implemented a sustainable logistics and transportation system using break bulk transport, reducing GHG emissions by at least 15 percent compared to container transport. In 2024, the arrangement for transporting pulp from the site in Indianópolis (Brazil) via marine transport using modern, energy-efficient break bulk vessels, instead of regular container vessels, avoided 23,000 tons of GHG emission in that transport chain. This action is planned to continue in the following years with a similar reduction amount expected. Hardwood dissolving wood pulp was transported from Brazil to customers in Asia, with approximately 90 percent of pulp shipped via break bulk and around 10 percent via container in 2024. This action is not explicitly captured by the climate target governance but is part of the corporate strategy for operational improvements, increasing energy efficiency and cost competitiveness, which also contributes to achieving the SBTs.

### How forests and wood products work for climate change mitigation

Table 21

| Topic relevant to climate change | Details | Lenzing Group contribution |
|---|---|---|
| $CO_2$ sequestration in sustainably managed forests | Sustainably managed semi-natural forests and forest plantations absorb more carbon in trees and harvested wood products, therefore acting as a net sink over the long term. Forest areas and carbon stocks are increasing in Europe. | Wood sourcing from sustainably managed forests, managing own forest plantations, active engagement with pulp suppliers for improvements and other stakeholder activities (e.g. research at WOOD K Plus) |
| Substitution of raw materials that have large climate impacts | Fibers with lower carbon footprints in their manufacturing process and life cycle | Offering choices for fibers with lower carbon footprints |
| Adaptation of forests to climate change | Share of beech in Europe is increasing, but its uses are limited.<br>Active forest management achieves faster increases in species diversity (and therefore climate resilience) compared to the natural development of forests | Economic valorization of beech wood for dissolving wood pulp production at Lenzing (higher value added than fuel wood use) thereby providing forest owners with the income they need for climate adaptation actions. |
| $CO_2$ emissions from deforestation of forests | Ensure that no deforestation occurs in the supply chain | Lenzing's wood and pulp policy, forest certificates (FSC®, PEFC)[a], transparency through CDP Forests and implementing the Canopy pathway are ranked top with dark green shirt in the CanopyStyle initiative |

a) FSC® (FSC-C041246) or PEFC (PEFC/06-33-92)

## Metrics and targets

[ESRS E1-4; GRI 3-3e, 302-4]

For more information, see "Sustainability targets" in the management approach at the beginning of this chapter. All of Lenzing's sustainability targets and the process of setting and monitoring (ESRS 2 MDR-T 80g, 80j) can be found in the "Sustainability targets, measures and progress" section in the "ESRS 2 General disclosures" chapter. Depending on technology and market developments, further measures for the period of 2030-2040 will be disclosed in the coming years.

| | | |
|---|---|---|
| **Near-term science-based target** | **To reduce scope 1 and 2 absolute greenhouse gas (GHG) emissions by 42 percent and scope 3 absolute GHG emissions by 25 percent until 2030 (baseline 2021)[f,g]** | **2030<br>On track** |
| **Long-term science-based net-zero target** | **To achieve at least a 90 percent reduction in absolute GHG emissions (scopes 1, 2 and 3) (baseline 2021)[f,g]** | **2050<br>On track** |
| Measure(s) | Lenzing achieves 100 percent green electricity for four sites | **2024<br>Achieved** |
| | Lenzing phases out coal in its Nanjing (China) operations | **2022<br>Measures implemented** |
| | Lenzing installs on-site photovoltaic power generation at the Lenzing plant | **2022<br>Achieved** |
| | Lenzing increases the share of renewable energy consumed by the Lenzing Group and supplies excess bioenergy from the pulp production facility in Indianópolis (Brazil) | **2023<br>Achieved** |
| | Lenzing's lyocell facility in Prachinburi (Thailand) achieves scope 1 and 2 carbon neutrality by 2030 by using 100 percent bioenergy and in the medium term achieves 95 percent biomass energy by 2027 | **2030<br>On track** |
| | Lenzing engages 20 key suppliers, by spend and $CO_2$ impact, in order to reduce Lenzing's scope 3 emissions and incentivize the suppliers that help Lenzing offer more low-carbon-footprint fibers | **Continuous<br>On track** |
| | Lenzing engages and enables 80 percent of 'customers with approved SBT and commitment' (textile and nonwoven brands/retailers as well as manufacturers working with LENZING™ fibers) to fulfill their ambition by providing information on low carbon footprint specialty products such as TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ branded fibers | **2030<br>On track** |
| | Lenzing runs a campaign to reach 50 percent of TENCEL™and VEOCEL™ customers (textile and nonwoven brands/retailers as well as manufacturers using the TENCEL™ and VEOCEL™brands) to promote the use of innovative lenzing fibers with environmental benefits such as low-carbon intensity and to reduce reliance on fossil based materials wherever possible. | **Continuous<br>On track** |

| | |
|---|---|
| Progress made in 2024 | Six production facilities procured 100 percent renewable electricity. Gas pipe connections and constructions in Nanjing (China) have been finished. The product carbon footprint platform of TfS was adopted internally and external trainings are taking place. Lenzing is in continuous discussions with top suppliers and also shares its expertise for obtaining low-impact chemicals (e.g. green electricity and LCA). The site in Prachinburi (Thailand) has been facing some challenges in consistently receiving 100 percent biomass energy due to the reliability of the supply partner's biomass co-generation plant; however, the site has achieved 100 percent biomass energy for a few months during the year. Therefore, both parties have agreed to work out short-term and long-term technical solutions. The discussion and negotiation on securing biogenic energy to reach 100 percent consistently in the future are ongoing. Additionally, given the current global economic situation, many businesses and end customers have been deprioritizing sustainability in favor of low-cost sourcing and are therefore less willing to pay for low-carbon products. Customer engagement has been taking place to position fiber products with a low carbon footprint to support a reduction in customers' scope 3 emissions reduction. According to these challenges the measure has been reformulated from “Lenzing achieves scope 1 and 2 carbon neutrality at its new lyocell fiber production site in Prachinburi (Thailand) by using 100 percent bioenergy” to “Lenzing’s lyocell facility in Prachinburi (Thailand) achieves scope 1 and 2 carbon neutrality by 2030 by using 100 percent bioenergy, and in the medium term achieves 95 percent biomass energy by 2027”, and the target year has been extended from 2023 to 2030. The target ambition for customer engagement has been increased form 50 percent to 80 percent of "customers with approved SBT and commitment". |

f) Scope 3 emissions include those from the harvesting of raw material wood, the production of purchased materials (chemicals & pulp), the production of fuels, the transportation of purchased raw materials & fuels, and the transportation of fibers to customers.

g) The target was updated in 2023 and approved by SBTi at the beginning of 2024. According to SBTi, the remaining 10 percent of emissions can be carbon removals for the net-zero target.

The previous near-term SBT is still relevant for remuneration and corporate targets with same baseline for 2017. Thus, realization and achievement of measures of the updated near-term and long-term SBTs will result in reaching those linked targets.

| **Previous near-term science-based target** | **To reduce scope 1, 2, and 3 (purchased goods and services, upstream and downstream transport, and fuel and energy-related activities) GHG emissions by 50 percent per ton of fiber and pulp sold by 2030 (baseline 2017)** | **2030 On track** |
|---|---|---|
| Linked remuneration target | Lenzing reduces 40 percent of specific GHG emissions per ton of pulp and fiber sold (baseline 2017)[b,e] | **2024 Achieved** |
| Linked corporate target | Lenzing reduces 50 percent of specific GHG emissions per ton of pulp and fiber produced (baseline 2017)[e] | **2027 On track** |

b) Relevant for the Managing Board long-term incentive (LTI) bonus targets

e) These intermediate targets are part of the Lenzing corporate strategy on the way to reaching the science-based target by 2030.

## Lenzing’s responsibility and science-based targets (SBTs)

Lenzing first set SBTs in 2019. In 2023, Lenzing’s SBTs were updated to align with the most recent climate science, and in 2024 they were verified and approved by Science Based Targets initiative (SBTi). The previous targets were 2 °C aligned and expressed as GHG intensity reductions (GHG emissions reductions per ton of pulp and fiber sold). The previous target uses 2017 as the baseline year with specific GHG emissions from that year serving as the baseline value (for the values please see table 27, E1-6), which still serves as reference for remuneration and corporate strategy targets. After the update in 2023, the SBTs are now expressed as absolute GHG reductions aligned with the 1.5 °C scenario of the Paris Agreement and the UN SDG 13 on climate action, making them even more ambitious. Both the previous and the updated SBTs are in line with Lenzing's Bioenergy Policy and Sustainability Policy.

Lenzing’s updated SBTs use 2021 as the baseline year, with total absolute GHG emissions (scope 1, 2 and 3) from that year serving as the baseline value and reference point for tracking progress (for the baseline values, please see table 26, E1-6). The baseline year and value were set to 2021 in accordance with SBTi rules, as 2020 was significantly impacted by COVID-19 and was not representative of typical operational conditions. The 2021 baseline accurately reflects Lenzing's typical operational activities and emissions, excluding any one-time events or anomalies, ensuring that the baseline is representative of normal operations. In the reporting year, the baseline value was subject to a recalculation (increase of 0.158 million tons GHG emissions), therefore an additional reduction to the tune of 0.066 million tons GHG emissions is necessary to achieve the scope 1 and 2 targets. For further information on the reason for the recalculation, please see the “Accounting principles” section. The target scope for reducing scope 1 and 2 absolute GHG emissions is fully aligned with the boundaries of the GHG inventory, which includes emissions from direct operations and energy use. A market-based method was used to calculate scope 2 GHG emissions included in the target. The boundary of the scope 3 target includes categories 1, 3, 4 and 9, but excludes the category 15 (investments) and covers approximately 97 percent of the reported scope 3 GHG emissions inventory. Furthermore, the targets cover emissions of all greenhouse gases ($CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$) as defined under international protocols such as the Greenhouse Gas Protocol (GHG Protocol) and are expressed as $CO_2$ equivalents. The targets follow a cross-sector absolute contraction approach (ACA), setting absolute emissions reductions in line with global decarbonization pathways. These pathways are based on climate science and aim to keep the global temperature rise within the limits set by international agreements such as the Paris Agreement, which aims to limit warming to 1.5 °C or well below 2 °C above pre-industrial levels. They have been independently verified and approved by the SBTi to ensure that they align with climate science and SBTi criteria. SBTi uses climate scenarios compatible with limiting global warming to 1.5 °C.

Internal stakeholders, including the commercial, investor relations, strategy, and corporate sustainability teams as well as the Managing Board were involved in the target setting process. In addition, external stakeholders were engaged, including key pulp and chemical suppliers, customers requesting SBTs, as well as multi-stakeholder initiatives such as the UN Fashion Charter, which advocate for commitment to the Paris Agreement. Selected stakeholders were involved through meetings and conferences. The SBTi was involved in verifying the targets and subsequently, in approving the SBTs aligned with the 1.5 °C ambition. The Lenzing team is further engaging with SBTi regarding FLAG targets.

New technologies will play an important role in mitigating $CO_2$ emissions and achieving the GHG emission reduction targets.

For more information about for the decarbonization levers and their overall quantitative contributions to meet the SBTs, see the "Climate Action Plan" (figure 07) at the beginning of this chapter. For more information about the actions described by decarbonization levers, please see the "Action" section. Not every action described by the levers is explicitly mentioned as a measure under the targets but still contributes to their achievement.

Lenzing has not yet set a target for its own operations concerning the "Risk for Lenzing's operations and supply chain due to the increasing chronic physical climate hazards as indicated by climate risk assessment". However, Lenzing has been prioritizing and addressing key topics in a step-by-step manner while managing resources. The upstream value chain aspects of this risk are addressed through the "Supplier engagement" target, as climate change is part of the environmental pillar of the assessment. This target will further intensify efforts related to climate change adaptation. For more information on the "Supplier engagement" target, please see the "Metrics and targets" section of the "S2 Workers in the value chain" chapter.

The "Risk of wood scarcity from non-resilient forests and effects of increasing global average temperature" is addressed by the "Conservation projects" target which focuses on engaging in further conservation, biodiversity protection, and restoration activities in regions where forests are at risk, aiming to improve the resilience of forests so they can better adapt to climate change. For more information on the "Conservation project" target, please see the "Metrics and targets" section of the "E4 Biodiversity and ecosystems" chapter. The 'FEM' target addresses the following impact, risk and opportunity: Opportunity to de-risk Lenzing's operations and gain market share by reducing GHG emissions; Negative impact on global climate change by generating GHG emissions with the use of non-renewable energy sources; Risk of reputational damage if sustainability requirements in regard to energy sources are not met and carbon footprint is not reduced. The Higg Facility Environmental Module (Higg FEM) standardizes how facilities can measure and evaluate their annual environmental performance. Energy and GHG emissions are one of the seven categories covered by the assessment. For more information on the "FEM" target, please see the "Metrics and targets" section of the "E3 Water and marine resources" chapter.

# Energy and fuels

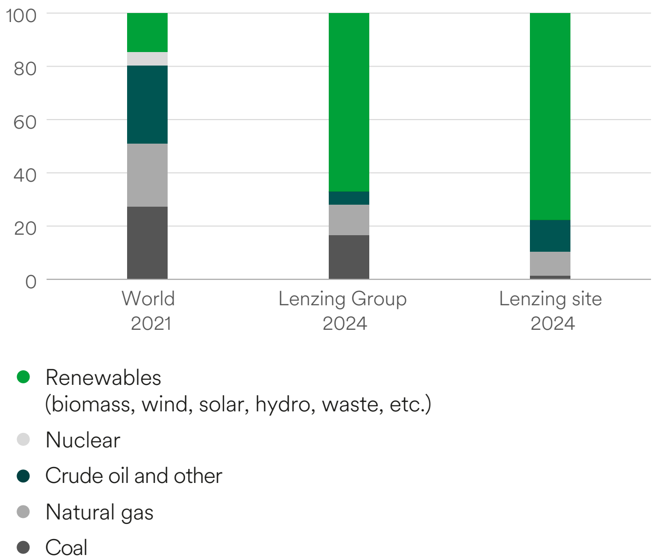
[ESRS E1-5; GRI 302-1, 302-3]

Lenzing's absolute fossil and renewable energy consumption increased year on year. This is due to an increased production volume of pulp and fiber.

**Fuel sources used in the Lenzing Group** Table 22

| | |
|---|---|
| Lenzing, Austria | Biomass, waste, natural gas and coal |
| Heiligenkreuz, Austria | Biomass, biogas and natural gas |
| Paskov, Czech Republic | Biomass, biogas and natural gas |
| Grimsby, UK | Natural gas |
| Mobile, USA | Natural gas |
| Nanjing, China | Coal and natural gas |
| Purwakarta, Indonesia | Coal and natural gas |
| Prachinburi, Thailand | Biomass and coal |
| Indianópolis, Brazil | Biomass and oil |

**Energy sources** Figure 09




Sources: IEA Energy Statistics Data Browser "World 2021", Lenzing AG. Includes own energy consumption and energy from providers, excluding grid power, which is a minor fraction of total scope 1 and 2 energy consumption in the Lenzing Group. The production sites in Paskov, Grimsby, Mobile, and Heiligenkreuz do not use coal as a fuel source in their own operations, whereas the Asian sites, i.e. Nanjing and Purwakarta, predominantly use coal.

## Energy consumption and mix

Table 23

| Million MWh | 2024 | 2023 | 2022 |
|---|---|---|---|
| (1) Fuel consumption from coal and coal products | 1.89 | 1.73 | 1.74 |
| (2) Fuel consumption from crude oil and petroleum products | 0.37 | 0.42 | 0.08 |
| (3) Fuel consumption from natural gas | 1.60 | 1.35 | 1.44 |
| (4) Fuel consumption from other fossil sources | 0.44 | 0.52 | 0.50 |
| (5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources | 1.16 | 1.03 | 0.82 |
| **Total fossil energy consumption (calculated as the sum of the lines 1 to 5)[a]** | **5.46** | **5.05** | **4.58** |
| Share of fossil sources in total energy consumption (%) | 32.80 | 30.84 | 47.30 |
| (7) Consumption from nuclear sources | 0.00 | 0.00 | 0.00 |
| Share of consumption from nuclear sources in total energy consumption (%) | 0.00 | 0.00 | 0.00 |
| (8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) | 10.14 | 10.12 | 4.75 |
| (9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources | 1.02 | 1.20 | 0.34 |
| (10) Consumption of self-generated non-fuel renewable energy | 0.00 | 0.00 | 0.00 |
| **(11) Total renewable energy consumption (calculated as the sum of the lines 8 to 10)[a]** | **11.16** | **11.32** | **5.10** |
| Share of renewable sources in total energy consumption (%) | 67.20 | 69.16 | 52.70 |
| **Total energy consumption[b] (calculated as the sum of lines 6 and 11)** | **16.63** | **16.37** | **9.67** |
| Energy intensity based on revenue from activities in high climate impact sectors (mn MWh/EUR) | 0.0063 | 0.0065 | 0.0038 |

a) Total fossil and total renewable energy consumption are recalculated for the years 2022 and 2023.

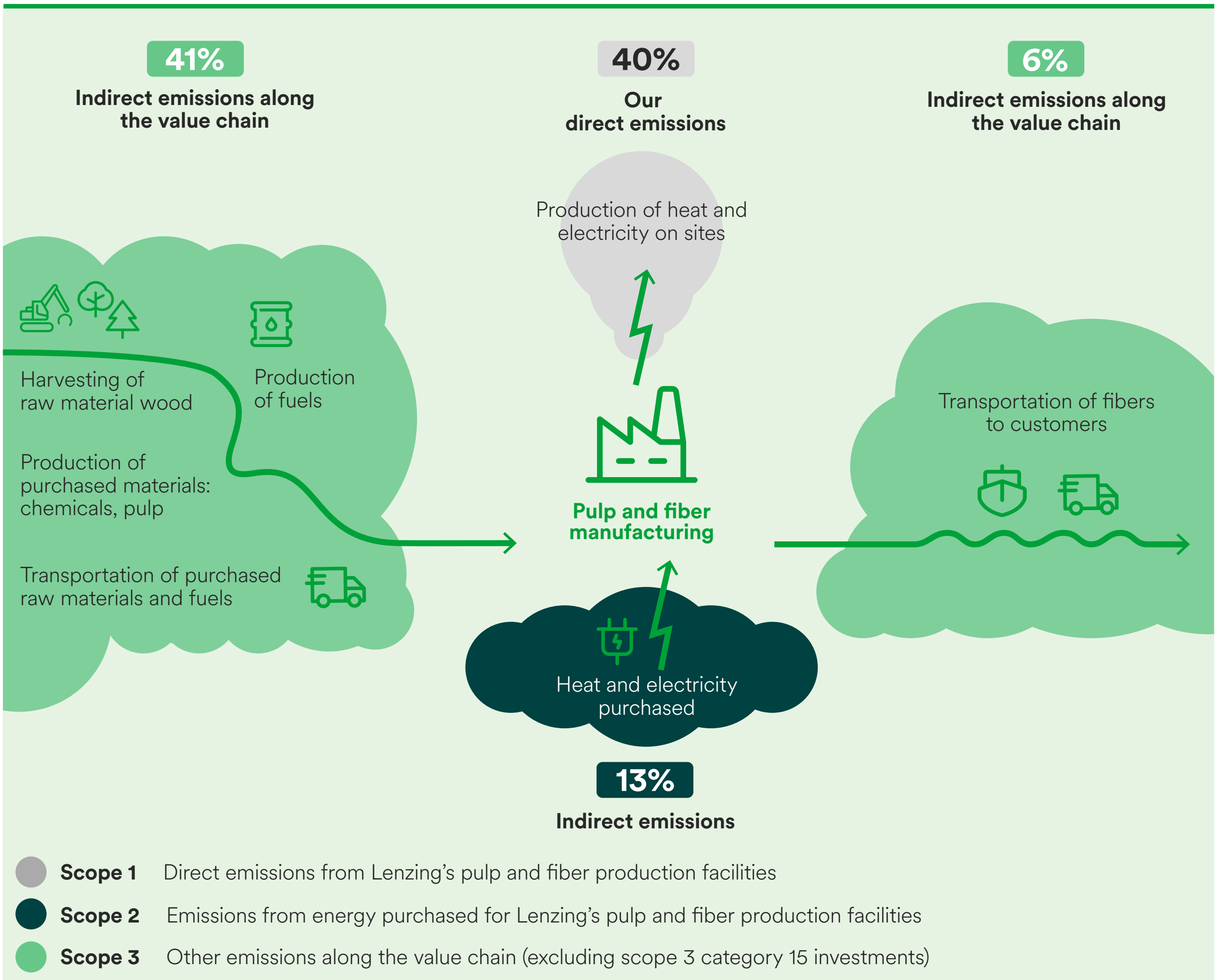
b) Lenzing discloses both direct and indirect energy consumption. According to the Greenhouse Gas Protocol, scope 1 relates to energy consumed directly by the Lenzing Group and scope 2 concerns energy purchased from energy suppliers and from the public grid. Primary energy here includes all forms of energy such as electricity and steam. All energy sources such as fossil (coal, oil, natural gas) and renewable (biomass, waste fuels, hydro, wind, etc.) were included.

For a description of the ESRS 2 MDR-M of the metrics energy consumption and energy intensity, the high climate impact sectors and the line item in the financial statement used to calculate the energy intensity, please see the “Accounting principles” section in this chapter. Figures for energy production are currently not available.

# Lenzing's greenhouse gas emissions

[ESRS E1-6; GRI 305-1, 305-2, 305-3, 305-4]

**Lenzing's carbon footprint** Figure 10




Lenzing's absolute scope 1 and 2 GHG emissions increased by 0.17 million tons (11 percent) year on year. The main reason is the increased production volume of pulp and fiber.

Scope 1 biogenic GHG emissions slightly increased due to the biomass power station at the Heiligenkreuz (Austria) site now integrated into Lenzing's operations for the first full year in 2024 as well as due to higher consumption of biomass fuel at the Indianópolis (Brazil) site.

Lenzing's absolute scope 3 GHG emissions increased by 0.16 million tons (11 percent) year on year. The main reasons for the increase are higher amounts of purchased goods and services as well as higher values in upstream and downstream logistics. This was triggered by higher production volumes of pulp and fiber as well as longer distance transportation routes (red sea crises).

Despite an 11 percent year-on-year increase in absolute scope 1, 2, and 3 GHG emissions within the target scope (0.33 million tons), the specific scope 1, 2, and 3 GHG emissions per ton of fiber and pulp produced remained at the same level.

Specific scope 1, 2, and 3 GHG emissions per ton of fiber and pulp sold increased slightly to 2.14 tons $CO_2$ eq./tons in 2024. Despite this increase, the remuneration target for 2024 was achieved.

### Absolute greenhouse gas emissions of the Lenzing Group[a]

Table 24

| Absolute emissions (million tons $CO_2$ eq.) | 2017 | 2021 (base year) | 2024 | 2023 | 2022 | % N / N-1 |
|---|---|---|---|---|---|---|
| | | | | Retrospective | | |
| Scope 1 GHG emissions | | | | | | |
| **Gross scope 1 GHG emissions[b]** | **1.33** | **1.24** | **1.28** | **1.17** | **1.09** | **10** |
| % of scope 1 GHG emissions from regulated emission trading schemes (%) | 23 | 20 | 15 | 14 | 20 | 11 |
| Scope 2 GHG emissions | | | | | | |
| Gross location-based scope 2 GHG emissions | | | 0.80 | | | |
| Gross market-based scope 2 GHG emissions | 0.63 | 0.53 | 0.40 | 0.34 | 0.35 | 18 |
| **Total gross scope 1 and scope 2 GHG emissions (market-based)[c,d]** | **1.96** | **1.77** | **1.69** | **1.51** | **1.44** | **11** |
| Significant scope 3 GHG emissions | | | | | | |
| **Total gross indirect scope 3 GHG emissions[e]** | **1.96** | **1.88** | **1.54** | **1.38** | **1.50** | **11** |
| C1: purchased goods and services[f] | 1.35 | 1.31 | 0.92 | 0.80 | 1.00 | 15 |
| C3: fuel- and energy-related activities | 0.30 | 0.28 | 0.25 | 0.27 | 0.23 | –9 |
| C4: upstream transportation and distribution | 0.12 | 0.11 | 0.14 | 0.10 | 0.12 | 37 |
| C9: downstream transportation | 0.12 | 0.12 | 0.19 | 0.17 | 0.11 | 13 |
| C15: investments | 0.07 | 0.06 | 0.04 | 0.04 | 0.05 | 0 |
| Total scope 1, 2, 3 GHG emissions | | | | | | |
| **Total GHG emissions (location-based)** | | | **3.62** | | | |
| **Total GHG emissions (market-based)** | **3.92** | **3.65** | **3.23** | **2.90** | **2.94** | **11** |
| Total biogenic $CO_2$ emissions, scope 1 | | 1.74 | 3.29 | 3.10 | 1.67 | 6 |

a) GHG accounting regarding GHG protocol using GWP potential for greenhouse-gases from the IPCC Fifth Assessment Report (AR5 – 100 year). Scope 1 emissions factor source: measurements and Ecoinvent values. Scope 2 emissions factor source: suppliers. Scope 3 emission factor source: Ecoinvent, EcoTransIT and supplier data.
b) Scope 1 emissions were recalculated for the years 2017-2023.
c) Includes both scope 1 and 2 emissions of all greenhouse gases ($CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$), expressed as $CO_2$ equivalents. Scope 1 emissions are calculated based on emission factors from the EU Emission Trading System and scope 2 emissions are calculated according to a market-based method.
d) In 2024, scope 1 emissions operational control (RVL) were 0.131 million tons $CO_2$ eq., and scope 2 GHG emissions were zero.
e) For all years, category 15 investments was included in the scope 3 emissions.
f) Recalculation of scope 3, category 1 (green caustic purchase at the Indonesian site) for 2023

### Greenhouse gas emissions intensity

Table 25

| Total GHG emissions[a] in million tons $CO_2$ e q. per revenue (mn t/EUR) | 2024 | 2023 | 2022 | % N / N-1 |
|---|---|---|---|---|
| GHG emissions intensity (location-based) | 0.00136 | | | |
| GHG emissions intensity (market-based) | 0.00121 | 0.00115 | 0.00115 | 5% |

a) The GHG accounting methodology is equivalent to the table "Absolute greenhouse gas emissions of the Lenzing Group".

### Absolute emissions of target scope[a,b] (near-term and long-term SBTs with baseline 2021)

Table 26

| Absolute emissions of target scope[b,c] (million tons $CO_2$ eq.) and absolut emissions index[d] (new SBT, 2021=100 %) | 2017 | 2021 (base year) | 2024 | 2023 | 2022 | Near-term SBT 2030[d] | Long-term SBT 2050[d] |
|---|---|---|---|---|---|---|---|
| Absolute scope 1 and 2 GHG emissions | 1.96 | 1.77 | 1.69 | 1.51 | 1.44 | 1.03 | |
| Absolute scope 3 GHG emissions | 1.89 | 1.82 | 1.49 | 1.34 | 1.45 | 1.37 | |
| Absolute scope 1, 2 and 3 GHG emissions | 3.85 | 3.59 | 3.18 | 2.85 | 2.89 | | 0.36 |
| Scope 1 and 2 index | 111% | 100% | 95% | 85% | 81% | 58% | |
| Scope 3 index | 104% | 100% | 82% | 74% | 80% | 75% | |
| Scope 1, 2 and 3 index | 107% | 100% | 89% | 79% | 80% | | 10% |

a) The GHG accounting methodology is equivalent to the table "Absolute greenhouse gas emissions of the Lenzing Group".
b) Target scope: GHG emissions scope 1, market-based scope 2 and scope 3 categories 1, 3, 4, 9 - excluding category 15
c) Due to the recalculated scope 1 emissions for 2017-2023, base year emissions (2021) increase.
d) SBT target values according to required reduction of absolute GHG emissions, i.e. 42 percent in scope 1 and 2, 25 percent in scope 3 for the near-term SBT as well as 90 percent in scope 1, 2 and 3 for the long-term SBT.

In accordance with the European Sustainability Reporting Standards (ESRS), Lenzing has updated its GHG intensity metrics to ensure compliance. A new metric, "million tons $CO_2$ eq. per EUR revenue" has been calculated in line with ESRS, see table 25. The previous specific GHG metrics of “tons $CO_2$ eq. per ton fiber & pulp sold” and “tons $CO_2$ eq. per ton fiber & pulp produced”, both in absolute terms and as a percentage relative to the base year 2017, have been retained due to the near-term SBT target.

**Specific greenhouse gas emissions[a,b] (linked to remuneration and corporate strategy targets with baseline 2017)**

Table 27

| Specific emissions[b,c] (million tons $CO_2$ eq. per ton fiber & pulp sold) and index[e] | 2017 (base year)[d] | 2021 | 2024 | 2023 | 2022 | Target 2024[e] |
|---|---|---|---|---|---|---|
| Specific scope 1, 2 and 3 emissions | 3.61 | 3.28 | 2.14 | 1.94 | 3.01 | |
| Specific scope 1, 2 and 3 emissions index (2017 = 100 %) | 100 % | 91 % | 59 % | 54 % | 83 % | 60 % |

| Specific emissions[b,c] (million tons $CO_2$ eq. per ton fiber & pulp produced) and index[e] | 2017 (base year)[d] | 2021 | 2024 | 2023 | 2022 | Target 2025[e] | Target 2026[e] | Target 2027 |
|---|---|---|---|---|---|---|---|---|
| Specific scope 1, 2 and 3 emissions | 2.59 | 2.38 | 1.49 | 1.49 | 2.11 | | | |
| Specific scope 1, 2 and 3 emissions index (2017 = 100 %) | 100 % | 92 % | 58 % | 58 % | 82 % | 55 % | 53 % | 50 % |

a) The GHG accounting methodology is equivalent to the table "Absolute greenhouse gas emissions of the Lenzing Group".
b) Target scope: GHG emissions scope 1, market-based scope 2 and scope 3 categories 1, 2, 3, 4, 9 - excluding category 15
c) Due to the recalculated scope 1 emissions for 2017-2023, base year emissions (2017) increased.
d) The previous SBT was developed in 2018, hence 2017 has been chosen as baseline year.
e) This KPI is relevant to the Managing Board long-term incentive (LTI) bonus targets.

# Accounting principles

ESRS 2 MDR-M, E1-5, E1-6]

GHG emission calculation for scope 1, 2 and 3 follows the corresponding standards and guidances of the GHG protocol.

Local sites report energy and fuel input data, as well as emissions factors and calorific values to the Group database on a monthly basis. On both the site- and the group-level, energy and GHG accounting follows the GHG protocol and ESRS E1 requirements. The accounting principles are disclosed based on the ESRS terminology.

**Calorific values und emissions factors** used by EU sites are the same as those used for disclosures under the EU Emission Trading Scheme. Non-EU sites may use measured emission factors or literature values according to local legal requirements. Otherwise, references to IPCC are used.

**Energy consumption** for Lenzing’s own operations is measured as the input of purchased electric power, heat (steam), and fuel, monitored by meter readings or invoices based on the direct quantification of fuels. Fuel quantities are multiplied with calorific values to calculate energy consumption (in MWh).

**Energy intensity** is based on Lenzing’s total energy consumption per revenue from activities in high climate-impact sectors. The high climate-impact sectors relevant to Lenzing are manufacturing of man-made cellulose fibers and dissolving wood pulp. For the revenue used in this calculation, please refer to the table “Revenue from external customers by products and services” in the “notes”, where the sum of the line items “Division Fiber” and “Division Pulp” is used. The energy consumption of the revenue category "Others" was not excluded from the total energy consumption, as their impact on the indicator is not significant. “Others” mainly includes central headquarters functions, overarching activities, and BZL’s business activities (training and personnel development). Energy intensity is reported as MWh/EUR.

**Scope 1 GHG emissions** include direct GHG emissions at Lenzing’s production sites. For their calculation, the quantity of the fuel consumed is multiplied by suitable emission factors (see section “calorific values and emissions factors”).

**Scope 2 GHG emissions** include all indirect emissions related to the generation of acquired and consumed electricity and heat. All consumed energy is monitored by meter readings or invoices.

Location-based accounting involves multiplying the energy consumed from the public grid by relevant location-based emission factors, which typically reflect residual mixes. These factors are obtained from the IPCC 2021 GWP100 V1.02 (country and regional data). Market-based accounting considers the energy source of purchased electricity/heat and corresponding emission factors, which are provided by public traders and substantiated by Energy Attribute Certificates, such as Guarantees of Origin or Renewable Energy Certificates (REC). As in the market-based approach, steam and electricity at the Prachinburi (Thailand) and Grimsby (UK) sites as well as steam at the Nanjing (China) site is multiplied with supplier-specific information. Supplier data and information is based on regulations and the IPCC. For the calculation of the scope 2 GHG emissions, which are included in the target scope, a market-based method was used.

**Scope 3 GHG emissions** refer to all other indirect emissions within the accounting scope. Lenzing identified five significant/material categories out of 15 defined by the GHG Protocol: category 1 “Purchased Goods and Services“, category 3 “Fuel- and energy-related activities (not included in scope 1 or scope 2)“, categories 4 and 9 “Upstream and Downstream Transportation and Distribution“ and category 15 “Investments“. The SBT target scope includes categories 1, 3, 4 and 9 but excludes category 15 (97 percent scope 3 covered by target). The scope 3 categories contain estimates of the value chain. The relevant categories have an estimation accuracy of 2 (1 – exact figure, 2 – calculation / exact estimate, 3 – rough estimate).

Scope 3 category 1: Lenzing's purchased goods and services are calculated using the supplier-specific method as well as the average data method. Lenzing's purchased goods and services are calculated using three subcategories:

1. Wood harvesting: The calculations are based on supplied round wood multiplied with Ecoinvent emission factors

2. Purchased external pulp: The calculations based on purchased volumes and Supplier LCA data.

3. Purchased chemicals: The calculations are based on volumes of purchased chemicals multiplied in part with generic emission factors from Ecoinvent and in part with data provided by suppliers. Supplier specific data share is 42 percent of scope 3 category 1 emissions.

Scope 3 category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2) are calculated using average data. GHG emissions generated during extraction and processing of fuels (coal, natural gas, biomass etc.) are derived from fuel consumption and Ecoinvent emission factors.

Scope 3 category 4: Lenzing's upstream transport includes purchased external pulp, round wood and purchased chemicals. The distance-based method was applied – transport volumes, transport routes and transportations modes are obtained from the ERP logistics system. Emission factors are derived from EcoTransIT.

Scope 3 category 9: Lenzing's downstream transport includes fiber and pulp sold as well as by-products (sodium sulfate, acidic acid, furfural, soda, etc.). The distance-based method was applied – transport volumes, transport routes and transportations modes are obtained from the ERP logistics system. Emission factors are derived from EcoTransIT.

Scope 3 category 15: Lenzing's equity investments are calculated using the investment-specific method – publicly available data, such as sustainability reports or the EU ETS register, are used.

The following scope 3 categories are relevant but not material: category 2 (capital goods), category 5 (waste generated in operations), category 6 (business travel), category 7 (employee commuting) and category 8 (upstream leased assets) – therefore these categories are excluded from the inventory.

Scope 3 category 10 (processing of sold products): In line with the GHG protocol scope 3 guidance, Lenzing excluded this category from the inventory. Lenzing is a producer of intermediate products and has no visibility and no control/influence over processing of Lenzing's products after sale. For example, Lenzing products end up in many potential downstream applications, each with potentially different GHG emission profiles. The GHG emissions associated with further processing depend not only on the technical method used but also on the location and setup of the processor. For example, a spinning mill with a 100 percent renewable energy supply has minimal scope 1 and 2 emissions, while a spinning mill using 100 percent coal-fired electricity has high scope 1 and 2 emissions. It is therefore not reasonably possible to estimate GHG emissions associated within category 10. Moreover, as an intermediate supplier, Lenzing does not have control or influence over operational and financial decisions in this category to reduce GHG emissions.

The following scope 3 categories are not relevant: category 11 (use of sold products), category 12 (end-of-life treatment of sold products), category 13 (downstream leased assets) and category 14 (franchises.

**GHG emissions intensity** is based on total location-based and market-based GHG emissions as well as the revenue from the financial statement, and refers to the line item "Revenue as per consolidated income statement". For the revenue used in this calculation, please refer to the table "Revenue from external customers by products and services" in the notes.

**External assurance provider**

The metrics reported in the sections "Energy and fuels" and "Lenzing's greenhouse gas emissions" are not subject to additional external verification other than the Sustainability Report assurance process.

**Recalculation of 2017, 2021, 2022, and 2023 scope 1 GHG emissions**

The recalculation of scope 1 GHG emissions for 2017, 2021, 2022, and 2023 in the reporting year is due to a regulatory change at the Lenzing site in Austria. Previously, the fossil share of external waste burned at the site was estimated, but it is now based on direct measurements. Since the measured fossil share is higher than the estimate, this increases the fossil scope 1 GHG emissions and proportionally reduces the biogenic scope 1 GHG emissions by about 160 to 170 kilotons of $CO_2$.

## Internal carbon price

[ESRS E1-8]

Since 2021, an internal carbon price (ICP) of EUR 75 per ton of $CO_2$ has been applied in the strategic investment planning process. This ICP is added on top of regulatory carbon pricing and is uniformly applied across all Lenzing locations for scope 1 and 2 $CO_2$ emissions. It is used as a shadow price (virtual cash outflow) for future CapEx projects exceeding EUR 2 million, with two business cases calculated: one including the ICP and one excluding it. The adjusted Internal Rate of Return (IRR) including the ICP is used for project prioritization. The purpose of the ICP is to mitigate future carbon risks, to encourage the preference of renewable fuels over fossils and to induce energy efficiency projects. The carbon price is derived from benchmarks against peers and a theoretical carbon price of USD 50-100 per ton of $CO_2$ (from the The High-Level Commission on Carbon Pricing and Competitiveness) aligned with the 1.5 °C target. The use of the ICP in the strategic investment planning process affects the Internal Rate of Return (IRR), a key ranking criterion among projects, and is not used for margins and yields.

## Climate change stakeholder engagement

[GRI 3-3f]

**Stakeholder engagement and policy interventions**
Lenzing strongly believes that its own efforts should be complemented by engaging with industry stakeholders and civil society, as collaboration is required to bring about systemic change in addressing the climate crisis. Lenzing signed the UN Fashion Charter for Climate Action in 2018 and is an active member of its working groups to develop solutions to industry challenges. Lenzing has also supported the World Resource Institute (WRI) and Apparel Impact Institute (AII) efforts to develop a high-level roadmap for the apparel and footwear industry.

A supportive policy framework and incentives are needed to realize measures such as fuel switching to low-carbon sources. Natural gas is currently more expensive than coal in many parts of the world. Sustainable biomass fuels are not sufficiently available in the required amounts. Similarly, renewable grid-based electricity is not widely and economically available in many parts of Asia. To advance low-carbon solutions, a level playing field is required, such as global carbon pricing and the elimination of fossil fuel subsidies. Industry and local governments should ramp up efforts to generate more renewable electricity in order to supply current facilities and cater for future growth.

**UN Fashion Charter**
The Fashion Industry Charter for Climate Action under the auspices of the UN Framework Convention on Climate Change (UNFCCC) is a broad stakeholder movement in the textiles, clothing and fashion industry aimed at achieving a holistic commitment to climate action. Signatories commit to climate targets and ultimately to fully decarbonize the fashion industry value chain in alignment with the SBT initiative.

The original targets of the UN Fashion Industry Charter were to achieve net-zero greenhouse gas emissions no later than 2050 and reduce emissions by 30 percent by 2030. The Fashion Charter signatories updated these targets in November 2021 to limit the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels, as recommended by the Intergovernmental Panel on Climate Change (IPCC) and in line with the SBT initiative. An initial report, the “Climate Action Playbook” published in 2020, highlights major greenhouse gas reduction opportunities in fiber production, which is the fashion industry’s main raw material.

Lenzing is a founding member of the initiative and actively contributes to the working group on raw materials, sharing its longstanding experience in the production of sustainable cellulose-based fibers and assessment of environmental impacts through life-cycle analyses (LCA). In 2021, the working group published a report entitled “Identifying Low-Carbon Sources of Cotton and Polyester”. The report contains an overview of existing LCA studies and identifies opportunities for improvement, by switching energy sources, changing technology and innovating. Since 2021, Lenzing has contributed to the associated report on “Man-Made Cellulose Fibers”. It was published in 2023 and is based on contributions from a range of stakeholders including other producers of regenerated cellulose fibers, brands, NGOs and sustainability service providers.

Lenzing also contributed to the “Aggregate report of the transition plans” with its Climate Action Plan. This report contains the plans of 42 signatories, of which 80 percent having approved SBTs. In 2024, Lenzing mainly contributed to the Low-Carbon Manufacturers Group.

**Renewable Carbon Initiative (RCI)**
Lenzing is one of the eleven founding members of the Renewable Carbon Initiative (RCI), which was established in September 2020 under the leadership of nova-Institute (Germany). The aim of the initiative is to support and speed up the transition from fossil carbon to renewable carbon for all organic chemicals and materials. In the meantime, the number of members increased to around 80 and now includes companies such as Beiersdorf (Germany), BASF (Germany), Cosun Beet Company (The Netherlands), Givaudan (Switzerland), Henkel (Germany), IFF (USA), IKEA (Sweden), Lego (Denmark), NESTE (Finland), TÜV (Austria), Unilever (UK), and UPM (Finland). The Renewable Carbon Initiative aims to herald the end of the fossil age for all organic chemicals and materials by 2050. The concept of renewable carbon, which is essential for materials, is gaining more attention and traction – including on the political front. In 2024, the RCI published scientific background reports, held several webinars and was present at various events. Lenzing contributed by participating in several of the RCI working groups and acts as a board member.

**GHG Protocol and Confederation of European Paper Industries (CEPI) contributions**
Lenzing’s GHG emissions are calculated according to the GHG Protocol. Lenzing also participates in the further development of associated standards and guidance through the industry association CEPI.

**Greenhouse Gas Protocol Land Sector and Removals Guidance (LSRG)**
The Greenhouse Gas Protocol has launched a process to develop new standards or guidance on how companies should account for the following activities in their greenhouse gas inventories: carbon removal and sequestration, land use, land use change and bioenergy. One starting point for the initiative is the criticism of carbon neutrality relating to bioenergy and emissions from biogenic sources.

The outcome of this ongoing process, which was expected during 2024, will have a decisive impact not only on the cellulose-based fiber industry, but on the entire cellulose-based bioeconomy.

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.

Therefore, Lenzing provided input to the process through the industry association CEPI by participating in the review group to comment on the draft guidance in 2022, and pilot tested the draft guidance until March 2023. In the course of the revision after the pilot test, Lenzing joined the extended Technical Working Group ("TWG+"). The group was active until autumn 2024, when it was dissolved during governance changes.

At the end of 2024, all disputed issues were resolved except for the forest carbon accounting. The outlook for the process is the completion of the LSRG in version 1.0, excluding the unresolved issue of forest carbon accounting. The latter will be further discussed in a new technical advisory group during 2025.

**Cascale**

Lenzing has been a regular participant at Cascale's annual member meetings. During these conferences, Lenzing is actively involved in group discussions and working sessions with industry peers and partners to further shape Cascale's benchmarking tools. These discussions and sessions centered around topics relating to climate change, pollution, water and marine resources, resource use and circular economy, and own workforce issues. Lenzing also attended the special Cascale DACH member meeting that was held for the first time in 2024. This meeting serves to facilitate the exchange of member organizations along the value chain and to coordinate on the strategic future developments of Cascale as well as to strengthen the position of members.

**Supplier**

Lenzing engages with suppliers to supply low-carbon caustic soda by using renewable electricity. Supplier specific footprints are therefore requested. This has resulted in low-carbon soda from two suppliers in Europe and one in Asia.

# ESRS E2 Pollution

MANAGEMENT APPROACH

## Material topic: Pollution

[ESRS 2 MDR-A 68a; GRI 3-3]

Lenzing acknowledges the critical importance of pollution prevention. The company actively monitors and manages the environmental impact of its operations, focusing on mitigating pollution risks throughout pulp and fiber production. Efforts extend beyond compliance, with Lenzing adopting stringent measures to minimize emissions, effluents, and waste generation. The implementation of advanced technologies ensures that pollution prevention is integrated into every step of the manufacturing processes. By proactively addressing pollution challenges, Lenzing aims to contribute to a cleaner and healthier environment, aligning with its broader commitment to sustainable development and responsible corporate citizenship.

### Negative actual impacts

- Pollution of water: Negative impact of Lenzing's downstream textile value chain on water pollution (downstream value chain)

### Negative actual and potential impacts

- Pollution of air: Negative impact on air pollution and emissions with potential negative effects on human health and environment (own operations)
- Pollution of water: Negative impact on water pollution and emissions with potential negative effects on human health and environment (own operations)
- Substances of concern, Substances of very high concern: Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoCs and SVHCs (own operations, value chain)

### Positive actual impacts

- Microplastics: Positive impact on microfiber pollution as Lenzing fibers can offer an alternative and replace plastic fibers (own operations, downstream value chain)

### Risks

- Pollution of air: Risk of regulatory changes and consequent business loss potential (own operations)

### Opportunities

- Pollution of air: Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing (own operations)
- Pollution of water: Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing (own operations, downstream value chain)
- Substances of concern, Substances of very high concern: Opportunity by developing and implementing industry benchmarks (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the “Material impacts, risks and opportunities” section of the “ESRS 2 General disclosures” chapter.

### Policies

- Policy for Safety, Health and Environment (SHE)
- Group Environmental Policy and Standard
- Chemical Management Group Standard
- Sustainability Policy
- Water Policy

- Since 2021, EUR 100 million site modernization in Purwakarta (Indonesia)
  - CAP: New carbon disulfide adsorption plant operational - significantly reduced sulfur emissions to air
  - WWTP: Completed construction of wastewater treatment plant upgrade
- Started construction of a new wastewater treatment plant at Grimsby (UK) site.
- Completed construction of wastewater treatment plant upgrade at Mobile (USA) site.
- Higg FEM self-assessment for all and additional verification for three production sites to help monitor pollutants, reduce risks related to pollution and devise measures to improve overall environmental performance.

### Further actions (not described in more detail in E2-2)

- Continuously enlarge the product portfolio under the EU Ecolabel certificate. In 2024, three products were added.
- Regular Global Health, Safety & Environment (HSE) meetings with full year and mid-year management reviews of emissions, releases, complaints received and environmental KPIs & targets.
- Group environmental management system based on ISO 14001:2015.
- Lenzing shows leadership in fiber manufacturing by offering spun-dyed fibers. For more information on spun-dyed fibers, please see the “TENCEL™ Modal with Eco Color technology and TENCEL™ Modal with Indigo Color technology” section of the “Sustainable innovations” chapter.

### Sustainability targets

- “Air emissions” target
- “ZDHC viscose” target
- “ZDHC lyocell” target
- “Wastewater” target
- “FEM” target

### Stakeholders

- Zero Discharge of Hazardous Chemicals (ZDHC)
- Higg FEM
- Local communities
- Enforcing authorities
- Certification bodies

**Actions taken** [ESRS 2 MDR-A 68a]

- Prachinburi (Thailand) and Heiligenkreuz (Austria) sites meet 'aspirational' level for MMCF ZDHC wastewater parameters.
    - ZDHC Gateway reporting of MMCF wastewater guideline v2.2 at all lyocell sites
- MMCF assessment implemented on the ZDHC Supplier to Zero Platform and verified for the first time with the data of 2023 (for more details, please see the "ZDHC viscose" and "ZDHC lyocell" target).

- Customers

**Responsible**

- CEO
- Site directors
- Global Supply Chain/Purchasing
- Global Health, Safety and Environment (HSE) department

**Supporting**

- Operations Service Group

## Impact, risk and opportunity management

[ESRS 2 IRO-1]

For information on the general double materiality process, please see the "Double materiality analysis" section in the "ESRS 2 General disclosures" chapter.

## Policies

[ESRS E2-1; GRI 3-3c]

**Group Environmental Policy and Standard**

Lenzing's production sites adhere to national legislative requirements and are ISO 14001 certified. The Group Environmental Policy and Standard, which was rolled out in 2023 and approved by the Chief Technology Officer (CTO), plays a crucial role in the company's environmental management system, serving as the foundation for Lenzing's environmental program and long-term targets. By 2025, all Lenzing production sites will operate in alignment with this standard, regardless of their location. Furthermore, this internal standard is designed to reflect the industry best practice and emission thresholds for the best available techniques for industrial pulp and fiber production (see section on the third-party initiative EU BAT below). In addition, Lenzing adopted the Zero Discharge of Hazardous Chemicals (ZDHC) MMCF Guidelines. These guidelines, from this third-party initiative, are dedicated to enabling safer choices of fiber products. The ambitious framework is aimed at the continuous improvement of pollution parameters, particularly relating to the pollution of air and water. In its Group Environmental Policy and Standard, Lenzing commits to eliminate hazardous chemicals (include SoCs and SVHCs) along the supply chain and to select, evaluate and develop the chemicals used in the production process. The standard and the associated actions are monitored through the environmental management system under the responsibilities of the Global HSE department via audits at group companies and sites, in order to evaluate the status of implementation and assess corrective action plans if needed. In addition, the Vice President (VP) Global HSE is the most senior level accountable for the overall implementation of the process as well as compliance.

EU Best Available Techniques (BAT)

All Lenzing sites in the EU, including one viscose plant, two lyocell plants, and two pulp plants, continuously met the applicable EU BAT performance criteria for emissions in 2024, which are set out in several EU Best Available Techniques Reference Documents (BREFs). Compliance with EU BATs forms the basis for the issuance and review of environmental and operating permits for the plants in the EU and is continuously monitored by the competent authorities of the Member States. Compliance monitoring, as well as requirements relating to management, the monitoring program, and reporting, etc. are also carried out in accordance with the EU BATs.

The EU BATs are applicable exclusively within the EU and do not have jurisdiction outside the EU. All fiber products manufactured at Lenzing sites outside the EU, therefore, carry the EU Ecolabel for best-in-class performance. In 2023, the Lenzing production site in Purwakarta (Indonesia) was successfully awarded the EU Ecolabel and became the latest facility in the Group to produce fibers with this label.

The Group Environmental Policy and Standard covers the following impacts, risk and opportunities: Negative impact on air pollution and emissions with potential negative effects on human health and environment; Risk of regulatory changes and consequent business loss potential; Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing; Negative impact on water pollution and emissions with potential negative effects on human health and environment; Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoCs and SVHCs; Opportunity by developing and implementing industry benchmarks.

**Policy for Safety, Health and Environment (SHE)**

The aim of the Policy for Safety, Health, and Environment (SHE) is to ensure that protecting people from harm and preserving the environment are fundamental prerequisites for doing business, with safety, health, and environment anchored as corporate values. This policy, available on Lenzing's website applies to the entire Lenzing Group and was approved by the Executive Committee in 2022. The VP Global HSE is the most senior person accountable for the overall implementation of the policy, while at site level, the site directors are responsible for the local roll-out and implementation. The monitoring process regarding compliance with this policy is conducted within the framework of the Global HSE management system, in accordance with ISO 14001 and ISO 45001, to ensure conformity with and the assessment of any necessary corrective measures.

The key elements of SHE Policy include:

- Protecting the environment in which the company operates by minimizing emissions, waste and pollution, as well as by improving resource efficiency. Corresponding objectives and targets are set and monitored.

- Developing and maintaining a safety culture, as well as corresponding standards and systems in order to continuously improve HSE performance.
- Complying with all applicable legislation and regulations in the countries of operation and going beyond compliance with relevant industry standards.
- Training and involving all employees in hazard identification, risk assessment, and control.
- Consulting employee representatives and encouraging them to participate in the decision-making processes for occupational health and safety management.
- Empowering all employees to stop any task or activity if it cannot be carried out in a safe manner.

The SHE Policy covers the following impacts, risk and opportunities: Negative impact on air pollution and emissions with potential negative effects on human health and environment; Risk of regulatory changes and consequent business loss potential; Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing; Negative impact on water pollution and emissions with potential negative effects on human health and environment;

**Chemical Management Group Standard**
A Group-wide chemical management standard was rolled out in 2023 and approved by the VP Global HSE, who is the most senior level manager accountable for the overall implementation of and compliance with the process.

The Head of Global Environmental Management is responsible for developing the standard together with the Group Chemical Management specialist. Each site has a responsible person in charge of implementing the chemicals management principles defined by this standard. The scope of the Chemical Management is part of the Integrated Management System cross cutting environment, occupational health and safety, process and product safety. To ensure conformity, internal audits and management reviews are conducted to check whether daily operations are consistent with the Group SHE Policy and the Chemical Management Group Standard as well as the management systems for ISO 14001 and ISO 45001. Furthermore, the review of the Chemical Management Group Standard is part of the Global HSE monitoring process, to ensure that any necessary corrective measures are taken. Its features include comprehensive chemical inventories and approval processes with customization provided by an external IT consultant. It includes a hazard and exposure assessment for each chemical in order to demonstrate its safe use for workers, the environment, and the use of the products. The chemical management transition process was established in 2020 and has been gradually rolled out to all sites to ensure all Group sites follow the same approach.

Being prepared for emergencies is vital for Lenzing. This involves establishing clear emergency procedures, installing necessary hardware equipment, and conducting regular drills. In the event of an incident, the emergency procedures will be followed. These procedures are registered with relevant authorities and communicated to employees. The equipment needed to mitigate emergency situations, such as firefighting tools, must be well-maintained. Regular drills are crucial to ensure that employees know how to respond in emergencies, such as chemical incidents. Detailed emergency plans and procedures can be found in site-specific documents and the Safety Data Sheet (SDS), which also includes information on suitable Personal Protective Equipment (PPE), first aid, firefighting measures, and accidental release measures. Additional crisis management information is available in the Group Guideline on HSE Crisis Management.

The Chemical Management Group Standard addresses the following impacts, risk and opportunities: Negative impact on air pollution and emissions with potential negative effects on human health and environment; Risk of regulatory changes and consequent business loss potential; Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing; Negative impact on water pollution and emissions with potential negative effects on human health and environment; Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoCs and SVHCs; Opportunity by developing and implementing industry benchmarks.

**Water Policy**
Lenzing's Water Policy addresses water pollution in terms of reducing water related emissions after wastewater treatment, going beyond legal requirements to ensure water quality and availability in the areas where Lenzing operates.

It covers the "Negative impact on water pollution and emissions with potential negative effects on human health and environment" and partly the aspects of the downstream value chain regarding the "Negative impact of Lenzing's downstream textile value chain on water pollution".

For more information on the ESRS 2 MDR-P of the Water Policy, please see the "Policies" section in the "E3 Water and marine resources" chapter.

**Sustainability Policy**
In its Sustainability Policy, Lenzing strives to improve both its eco-footprint and that of its partners along the value chain. Lenzing's Sustainability Policy addresses the "Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing" by respecting the environment in its activities and business decisions.

For more information on the ESRS 2 MDR-P of the "Sustainability Policy", please see the „Sustainability Strategy" section in the "ESRS 2 General disclosures" chapter.

Lenzing has no policies regarding the value chain aspects of the "Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoCs and SVHCs", Lenzing has been prioritizing and working on key topics in a step wise manner. Lenzing has no policies regarding the "Positive impact on microfiber pollution as Lenzing fibers can offer an alternative and replace plastic fibers," as Lenzing fibers do not release microplastics and act as an alternative to plastic fibers.

## Actions

[ESRS E2-2; GRI 3-3d, 303-2, 306-2]

A summary of the "Actions taken" can be found in the management approach at the beginning of this chapter.

**Zero Discharge of Hazardous Chemicals (ZDHC)**
Lenzing is fully committed to the Supplier to Zero roadmap of the multi-stakeholder ZDHC initiative and has adopted the MMCF guideline from the start. All Lenzing viscose sites completed their

first Supplier to Zero Platform assessment and successfully achieved overall performance of 'aspirational' level. For more details on this action and its time horizon, please see the “ZDHC viscose” target.

In the latest 2024 wastewater test reports, both the Prachinburi (Thailand) and the Heiligenkreuz (Austria) site met the 'aspirational' level for MMCF ZDHC wastewater parameters as well as for the ZDHC Supplier to Zero Platform. For more information on this action and its time horizon, please see the “ZDHC lyocell” target.

**Carbon disulfide adsorption plant (CAP)**
Lenzing’s plant in Purwakarta (Indonesia) has greatly improved its environmental performance. The completed, since 2021 EUR 100 million, plant upgrade includes two major components. First, the new carbon disulfide adsorption plant (CAP), operated successfully in its first full year. Data shows that the new CAP contributed to achieving Lenzing’s “Air emission” target. The second component is an upgraded WWTP described below under WWTP Actions.

**Wastewater treatment plant (WWTP)**
Effluents are discharged in a controlled manner, therefore avoiding groundwater contamination. Process water is treated at biological wastewater treatment plants (WWTPs). Such WWTPs are in operation at all Lenzing sites except Grimsby (UK). Lenzing invested 24 million EUR in a new WWTP in Grimbsy, in order to meet the ambitious Lenzing Environmental Group Standards. The start-up and commissioning of the equipment began in 2024 and seeding of biomass commenced in January 2025, with an estimated three to six months required for the biomass to build up and acclimatize. Subsequently, balancing plant operations will ensure optimal performance and efficiency. This step will provide the site with an enormous leap forward in its sustainability roadmap and paving the way for the fulfilment of the “ZDHC lyocell” target. Once it is up and running, the plant is set to reduce water emissions by between 65 percent and 80 percent.

Organic chemicals from pulp production waste streams are extracted early on in the biorefinery process at the Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil) sites which significantly reduces the chemical oxygen demand (COD) of effluent water. Additionally, the Paskov site converts COD to biogas to be used as a fuel onsite. These are examples of best practices in which potential waste streams are converted into useful products, thereby avoiding pollution and reducing the amount of wastewater to be treated at WWTPs.

Lenzing’s plant in Purwakarta (Indonesia) upgraded its WWTP. Construction was concluded in 2023 and it has been fully operational since early 2024, significantly reducing wastewater emissions (COD and sulfate).

In 2021, another WWTP upgrade project was approved for the site at Mobile, USA. The lyocell plant was one of the first of its kind, its WWTP is being modernized in order to meet the Group’s sustainability strategy and target for COD emissions. This investment will not only help to fulfill future ZDHC requirements for lyocell production but will also allow the potential expansion of fiber production capacity. The project included the refurbishment of existing structures and new modular elements for the most up-to-date wastewater treatment to extend the life cycle of the WWTP. The upgrade focused on reducing nitrate and improving sterilization as well as the end-of-life replacement of critical infrastructure. Construction was completed in December 2023. The new systems have been fully operational since May 2024, with balancing in progress to ensure optimal performance.

**Higg Facility Environmental Module (FEM)**
In 2024, Lenzing continued to implement the Higg FEM assessment and carried out self-assessments at all production sites to monitor emissions of pollutants and substances of concern, reduce pollution-related risks, and devise measures to improve overall environmental performance. Additionally, three sites in Prachinburi (Thailand), Nanjing (China), and Purwakarta (Indonesia) underwent third-party verification.

Lenzing has no action regarding the value chain aspects of the following impacts: Negative impact of Lenzing's downstream textile value chain on water pollution; Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoC and SVHCs. Lenzing has been prioritising and working on key topics in a step-wise manner.

Lenzing has no action regarding the “Positive impact on microfiber pollution as Lenzing fibers can offer an alternative and replace plastic fibers”, as Lenzing fibers do not release microplastics and act as an alternative to plastic fibers.

## Metrics and targets

[ESRS E2-3; GRI 3-3e]

See “Sustainability targets” in the management approach section at the beginning of this chapter. All of Lenzing’s sustainability targets, including information on target setting and monitoring (ESRS 2 MDR-T 80g, 80j) can be found in the "Sustainability targets, measures and progress" section in the "ESRS 2 General disclosures” chapter.

| Air emissions | To improve the Lenzing Group's specific sulfur emissions by 50 percent by 2023 (baseline 2014)[a] | 2023 Achieved |
|---|---|---|
| Measure(s) | Lenzing implements a carbon disulfide adsorption plant (CAP) upgrade at the Purwakarta plant (Indonesia) | 2023 Achieved |
| Progress made in 2024 | The carbon disulfide adsorption plant (CAP) in the Purwakarta plant (Indonesia) was succesfully implemented and started operating in July 2023. Viscose fibers from this plant are now EU Ecolabel certified. After being in operation for more than a year, the installed CAP contributed to a corresponding reduction in sulfur emissions. Hence, the “Air emission” target was achieved in 2024. | |

a) The target has the same production volumes and scope of facilities as the 2014 baseline (i.e. production sites excluding the new sites in Prachinburi (Thailand) and Indianópolis (Brazil)).

| ZDHC viscose | To achieve 'aspirational' MMCF level for ZDHC wastewater and air emission guidelines at Lenzing viscose facilities by 2026 | 2026 On track |
|---|---|---|
| Progress made in 2024 | Lenzing viscose sites have continuously implemented the ZDHC MMCF guideline in its revised version 2.2 and Lenzing is actively engaged in the MMCF version 3 revision. The implementation of the wastewater guideline continued in 2024. In addition to the "Wastewater" and "Air emission" targets all Lenzing viscose sites completed their first Supplier to Zero Platform assessment and successfully achieved the overall performance at 'aspirational' level. | |

| ZDHC lyocell | To achieve 'aspirational' MMCF level for ZDHC wastewater and responsible production guidelines at Lenzing lyocell facilities by 2028[b] | 2028 On track |
|---|---|---|
| Measure(s) | First ZDHC Gateway reporting of MMCF wastewater guideline v2 at all lyocell sites[c] in 2023 | 2023 Achieved |
| | First supplier platform implementation and reporting of MMCF Guideline v2 - Responsible fiber production at all lyocell sites[c] in 2023 | 2023 Achieved |
| | Lenzing lyocell sites[c] achieve 'aspirational' level for wastewater and responsible production | 2025 On track |
| | Lenzing site in Grimsby (UK) achieves 'foundational' level for wastewater and responsible production | 2026 On track |
| | Lenzing site in Grimsby (UK) achieves 'aspirational' level for wastewater and responsible production | 2028 On track |
| Progress made in 2024 | The implementation is on track with all lyocell sites registered for reporting in 2023. Lyocell sites carried out the wastewater testing and completed the MMCF assessment on the Supplier to Zero platform in 2024. However, due to the absence of ZDHC certified labs in the USA and UK, the wastewater testing at these two sites was unable to be carried out in 2024.<br>The remaining sites completed the reporting on the ZDHC gateway, the assessment on the ZDHC Supplier platform and have achieved aspirational level. The Grimsby (UK) site target to achieve 'foundational' level has been adjusted from the target year 2025 to 2026 due to supply chain disruptions stemming from global issues and technical challenges. However, the site has already made significant progress and will have a modern WWTP ready for start-up in the beginning of 2025. | |

b) Relevant for the Managing Board long-term incentive (LTI) bonus targets

c) Lenzing (Austria), Heiligenkreuz (Austria), Mobile (USA), Prachinburi (Thailand)

| Wastewater | To improve Lenzing Group's specific wastewater emissions (chemical oxygen demand (COD)) by 20 percent by 2024 (baseline 2014)[a,b] | 2024 Delayed |
|---|---|---|
| Measure(s) | Lenzing implements a wastewater treatment plant upgrade at the Purwakarta site (Indonesia) | 2023 Achieved |
| | Lenzing implements a new wastewater treatment plant at the Grimsby (UK) site | 2024 Measures implemented |
| Progress made in 2024 | Construction of the wastewater treatment plant in Purwakarta (Indonesia) took place in 2023, and the start-up completed at the beginning of 2024. The wastewater treatment plant project in Grimsby (UK) remains on track and commissioning of the plant has begun. It will move into beneficial operation at the start of 2025, paving the way for ZDHC target fulfillment. However, the COD reduction target could not be achieved in 2024, since it needs full year operation of the Grimsby (UK) wastewater treatment plant. | |

a) The target has the same production volumes and scope of facilities as the 2014 baseline (i.e. production sites excluding the new sites in Prachinburi (Thailand) and Indianópolis (Brazil)).

b) Relevant for the Managing Board long-term incentive (LTI) bonus targets

| FEM | To implement and annually update the Facility Environmental Module (FEM) in all pulp and fiber production facilities and share verified modules with customers from 2024[d] | Continuous On track |
|---|---|---|
| Measure(s) | Lenzing conducts self-assessments at existing sites in 2022 and first external verification by 2023 | 2023 Achieved |
| | Lenzing conducts self-assessments and trainings for new legal entities (Prachinburi (Thailand) and Indianópolis (Brazil)) in 2023 and first external verification by 2025 | 2025 On track |
| Progress made in 2024 | In 2024, Lenzing continuously implemented the Higg FEM assessment. In November 2023, CASCALE published the Higg FEM 4.0, including a major revision and several changes in terms of verification requirements. Lenzing has conducted self-assessment for all sites and only three sites located in Thailand, China and Indonesia were verified in 2024. Verification of these three sites has been completed, with the final score of around 90. Due to revision of Higg FEM 3.0 and changes, Indianópolis (Brazil) could not be verified in 2024. Thus the measure year is moved from 2024 to 2025 and is still on track. The overall target year has been changed to "continuous" as it is an ongoing effort to be continuously achieved. | |

d) The scope includes all Lenzing production sites, also the new sites in Prachinburi (Thailand) and Indianópolis (Brazil).

In line with Lenzing's sustainability strategy and in a bid to respond to ever-increasing demand for better environmental performance in the supply chain, Lenzing has set the voluntary targets for air emissions (reduction of specific sulfur emissions) and wastewater (reduction of specific COD emissions) at group level. These targets use 2014 as the baseline year, with total sulfur emissions and COD emissions from that year being the reference (see table 28 and table 30). The targets are based on the performance level of EU Ecolabel and the EU Best Available Technique (EU BAT) under the EU Industrial Emissions Directive, as well as on scientific measurements. Furthermore, these targets are fully in line with the requirements of external stakeholders, including customers and NGOs, such as the Changing Markets Foundation, as well as a group of brands that have also committed to the Changing Markets Roadmap. Internal stakeholders such as the Corporate Sustainability team, the Health, Safety and Environment (HSE) team, the Operations and Commercial teams and the Board of Management were also involved in the target-setting process. In addition, a wastewater emission target (reduction of COD emissions) was also set for Lenzing's site in Grimsby, UK. This target was defined together with the responsible authorities in the context of the implementation of the EU Best Available Techniques Reference Document (BREF; Common Waste Water and Waste Gas Treatment/Management Systems in the Chemical Sector).

Furthermore, Lenzing has defined its voluntary targets for implementing the ZDHC guidelines for both viscose/modal and lyocell operations. The ZDHC program is an industry initiative that aims to reduce the discharge of hazardous chemicals (including SoCs and SVHCs) from the textile and apparel sector and provides guidance based on best available techniques and good industry practices. The certification framework of ZDHC provides a platform (ZDHC Gateway) for monitoring, tracking, reporting, and sharing the results along the supply chain. To ensure implementation to the highest standards, ZDHC nominates authorized laboratories in various countries to conduct testing and reporting. Customers and brands play a crucial role by requesting evidence of clean production and certification, such as ZDHC. Stakeholder engagement with ZDHC for developing its guidelines and customer engagement have acted as a foundation for setting targets relating to responsible fiber manufacturing. The target-setting process is guided by Corporate Sustainability and involves other internal stakeholders, such as members of the HSE team, the Operations and Commercial teams and the Board of Management. The "ZDHC viscose" target was set for the first time in 2020 (baseline year), starting with zero viscose sites (baseline value) reporting on ZDHC wastewater and air emission guidelines, while the "ZDHC lyocell" target was set for the first time in 2022 (baseline year), starting with zero lyocell sites (baseline value) reporting on ZDHC wastewater and responsible production guidelines.

Lenzing's target to implement the Higg Facility Environmental Module (FEM) covers all Lenzing production sites, i.e. both fiber and pulp facilities. The Higg FEM is a standardized tool designed to measure and evaluate the management practices and environmental performance of production facilities. It provides a comprehensive overview of a facility's environmental management and impact, covering aspects such as energy use, water consumption, air emissions and waste management. In this context the "FEM" target helps to monitor, track, manage, and reduce emissions of pollutants and substances of concern. For more information on the ESRS 2 MDR-T of the "FEM" target, please refer to the "Metrics and targets" section in the "E3 Water and marine resources" chapter.

To ensure the harmonized reporting of environmental data and performance, and establishing the baseline and target progress, Lenzing has defined its Environmental Data Reporting Guideline for all production processes, which has been implemented at all sites. The guideline sets the minimum requirements and methods for environmental data monitoring, assessment, and reporting. The environmental data is collected monthly and forms the basis for all environmental performance reporting as well as for target-setting at the group- and site-level. All in this chapter defined targets are in full alignment with the key elements of the Safety, Health and Environmental Policy and the Group Environmental Policy and Standard, which provide guidance on defining measures to continuously minimize emissions, waste, and pollution.

Lenzing has no targets regarding the value chain aspects of the following impacts: "Negative impact of Lenzing's downstream textile value chain on water pollution"; "Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoCs and SVHCs". Lenzing has been prioritising and working on key topics in a step wise manner.

As Lenzing fibers do not release microplastics and act as an alternative to plastic fibers, Lenzing has not established targets concerning the "Positive impact on microfiber pollution as Lenzing fibers can offer an alternative and replace plastic fibers".

# Pollution of air and water

[ESRS E2-4; GRI 305-7]

The Lenzing Group does not generate or use microplastics. This is a significant opportunity for Lenzing as customers' awareness of marine litter and microplastics grows, potentially leading to increased demand for Lenzing`s fibers.

Pollution of air and water includes the significant emissions from the Lenzing Group`s pulp, viscose/modal and lyocell production units. There are no material emissions to soil. Tables 28 and 30 provide an overview of the absolute emissions to air and water. The tables include the disclosures of PRTR pollutants and voluntary disclosures of sulfur emissions to air, as well as amines and sulfate ($SO_4$) emissions to water. Lenzing also reports selected specific emissions to air and water in tables 29 and 31 in order to track the "Air emissions" and "Wastewater" targets, as well as the progress in lowering specific amine and sulfate emissions.

As per the ESRS, the annual emission of any PRTR pollutant by a given site is only included in the reportable Group total if the relevant emission threshold defined in EC No 166 2006 Annex II is exceeded. However, Lenzing chooses not to apply the thresholds to a) COD emissions as they are relevant for the "Wastewater" sustainability target that was established before the ESRS became applicable and b) sulfate and amine emissions to water, as well as sulfur emissions to air, as they are not listed as pollutants in the aforementioned Annex and are voluntarily disclosed.

The Pollutant Release and Transfer Register (PRTR) is a mandatory system used in the EU to track and disclose emissions of pollutants to air and water. While Lenzing's EU sites follow the EU-wide legislation and their data reporting can be directly included in the sustainability report, the PRTR is not applicable to non-EU sites in terms of mandatory disclosures that are subject to regulatory inspection. Hence the Lenzing Group has adopted the following principle to report PRTR pollutants for sites that are outside the EU's jurisdiction. First, the relevant pollutants were determined based on the EU sites' disclosures as it is widely accepted that the same production processes (pulp, viscose, lyocell) have the same environmental issues, e.g. emissions. In the next step, the relevant PRTR pollutants were assessed site by site and determined for inclusion in the reporting based on the PRTR reporting threshold. The large Lenzing (Austria) site, including all main product groups and comprehensive site service activities, was used as reference for this exercise. While all non-EU sites have established environmental and pollution monitoring programs according to, and in some cases exceeding, national legislation, not all of the identified PRTR pollutants are included in these monitoring programs. In such cases, independent third-party testing (e.g. the biannual ZDHC testing results of the Nanjing (China) and Purwarkarta (Indonesia) sites), can be used to estimate whether the sites emission is above a PRTR threshold and should be included in the reported Group total. For this, the concentration of the samples is multiplied with the annual wastewater discharge to calculate yearly quantities (that can be checked against the thresholds). Some sites may not measure certain PRTR pollutants. This is because they do not generate such pollutants or because they have no related legal or permitting or self-monitoring requirements.

The methods used for quantifying the emissions are reported in the publicly available PRTR disclosures of EU sites and are based on direct and periodic measurements by internal and external laboratories. They are in line with local and EU regulations and best practices and are reported to the relevant authorities. At non-EU sites, emissions are quantified according to local permitting requirements or legal obligations, local standards, or in the absence thereof, according to Lenzing's internal monitoring requirements.

Addressing the methodological hierarchy for the quantification of PRTR pollutants defined in the ESRS: The measurement methods are chosen according to national regulation and permitting requirements. These may prescribe or allow inferior methods relative to direct measurements. However, employing inferior methods is also necessary for some pollutants due to direct measurement technologies being unavailable. All sites follow a maintenance and calibration program for measuring instruments according to internal and external requirements. No external body other than the assurance provider validates Group-level disclosures. At the site-level however, the reporting of those pollutants that are covered by permits is validated through local authorities.

### Emissions to air

The final emissions are calculated as a product of airflow and concentration.

The PRTR thresholds do not apply to the disclosure of sulfur emissions. However, the thresholds have been applied to $SO_x$ and $NO_x$ emissions for the first time because of the ESRS coming into force for the current reporting period. This means that sites below the threshold have not been included in the Group totals.

**Absolute emissions to air[a]** — Table 28

| (Tons) | 2014 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Sulfur ($CS_2$ and $H_2S$ emissions expressed as sulfur)[b,c] | 34,787 | 8,427 | 18,798 | 21,449 |
| $SO_2$[c] | 3,908 | 2,535 | 2,220 | 2,419 |
| $NO_x$[c] | | 3351 | 2,707 | 946 |
| Particulate matter (PM10) | | 135 | | |

a) Includes all production sites. Sulfur emissions were calculated using mass balance, and $SO_2$ emissions are based on measurements.
b) GRI Indicator 305-7
c) PRTR thresholds do not apply to sulfur emissions. As thresholds are applied to $SO_2$ and $NO_x$ emissions to air, the values are not directly comparable.

Air emissions are mainly attributed to the pulp and viscose processes, as well as energy generation from fuel combustion. All sites monitor all the emissions and parameters according to their respective permitting and national requirements either internally or using an external lab to ensure compliance beyond legal requirements.

**Sulfur** emissions have been dramatically reduced over the past decades by installing recycling and recovery systems. Reaching its "Air emissions" target in 2024, Lenzing achieved a 75 percent reduction of specific sulfur emissions to air relative to 2014. In absolute terms sulfur emissions more than halved compared to last year.

This is mainly due to the completion of the second CAP at the Purwakarta (Indonesia) site in 2023. Indeed, all of the Lenzing Group's viscose fiber production sites (Lenzing, Austria; Nanjing, China and Purwakarta, Indonesia) are equipped with the best available waste gas purification and recovery technologies.

While all viscose production sites have continuous monitoring systems in place that are in line with local permitting and legal requirements, Lenzing also calculates the maximum air emissions via a mass-balance approach. To avoid any underreporting, Lenzing chooses to report the data from the mass-balance approach in case it returns higher values than the measurements.

**Nitrogen oxides ($NO_x$)** are linked to fuel combustion and pulp production processes. The 2024 ESRS reporting scope excludes two energy generating sites that were below the PRTR thresholds, which were included in the 2023 report. Nevertheless, the emissions have significantly increased in 2024. This is because more energy from biomass was used and more pulp was produced. The new biomass power plant in Heiligenkreuz (Austria) contributed a large share during its first full year of operation.

**Sulfur oxide ($SO_2$)** emissions occur in the pulp and viscose production processes and when sulfur containing fuel is used for energy generation. An increase in absolute $SO_2$ emissions was recorded in 2024 due to increased product output and energy generation. This is despite the exclusion of two sites from the reporting, whose emissions are below the PRTR threshold. However, the relative $SO_2$ emissions remained relatively stable across all sites.

**Particulate matter** is emitted during fuel combustion and pulp production. The pollutant is reported for the first year and relatively few sites exceed the PRTR threshold.

**Specific[a] emissions to air[b]** — Table 29

| Index (based on kg/t, 2014 = 100 %) | 2014 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Sulfur ($CS_2$ and $H_2S$ emissions expressed as sulfur)[c] | 100.0% | 24.4% | 60.3% | 67.1% |
| Sulfur ($CS_2$ and $H_2S$ emissions expressed as sulfur)[d] | | 16.9% | 42.1% | |
| $SO_2$[d] | 100.0% | 46.8% | 44.3% | 67.4% |

a) Specific indicators are reported per unit of production by the Lenzing Group (i.e. pulp and fiber production volume). The specific loads are only depicted as percentage, as the production volumes are confidential and are therefore not reported.
b) Entity specific indicator
c) Excluding the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil). This KPI corresponds to the scope of the 'Air emissions' target, which was formulated before these new production sites were conceptualized.
d) Including the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil).

### Emissions to water

The emissions to water are calculated based on the wastewater flow and concentrations of pollutants. All discharges from sites within Lenzing's operational or financial control are reported. This includes discharges by separate legal entities being treated in the WWTP within the Lenzing (Austria) site's operational control.

The PRTR thresholds are not applied to COD and are not applicable to amines or sulfate emissions. All other emissions are PRTR pollutants and reported for the first time in the current report. All reported values may therefore be used for year-on-year comparisons.

**Absolute emissions to water after wastewater treatment plant**

Table 30

| (Tons) | 2014 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| COD[a] | 6,110 | 5,626 | 5,527 | 5,056 |
| COD[b] | | 6,230 | 6,165 | |
| $SO_4$[b,c] | 173,648 | 189,298 | 169,661 | 143,528 |
| Amines[b,c] | 198 | 183 | 206 | 250 |
| Total nitrogen | | 138 | | |
| Total phosphorus | | 100 | | |
| Nonylphenol and Nonylphenol ethoxylates (NP/NPEs) | | 0 | | |
| Zinc and compounds (as Zn) | | 5 | | |
| Halogenated organic compounds (as AOX) | | 24 | | |
| Chlorides (as total Cl) | | 8,234 | | |
| Fluorides (as total F) | | 4 | | |

a) Excluding the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil). This KPI corresponds to the scope of the "Wastewater" target, which was formulated before these new production sites were conceptualized.
b) Including the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil).
c) Entity specific indicator

**COD** emissions originate from pulp and all fiber production processes. Their reduction is part of the Lenzing Group's "Wastewater" target.
Total emissions of COD have increased for two years due to the addition of the two production sites in Indianópolis (Brazil) and Prachinburi (Thailand), as well as production output. COD emissions, excluding these two new production sites, are relevant for the "Wastewater" target and reported in addition (see tables 30 and 31). However, due to the wastewater treatment plant upgrade at Grimsby becoming fully operational only in 2025, the target was not achieved (please see "Actions" above for more information).

**Specific[a] emissions to water after wastewater treatment plant[b]**

Table 31

| Index (based on kg/t, 2014 = 100 %) | 2014 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| COD[c] | 100% | 92.6% | 101.0% | 90.1% |
| COD[d] | | 71.3% | 78.7% | |
| $SO_4$[d] | 100% | 76.2% | 76.2% | 90.0% |
| Amines[d] | 100% | 64.7% | 81.3% | 137.7% |

a) Specific indicators are reported per unit of production by the Lenzing Group (i.e. pulp and fiber production volume). The specific loads are only depicted as percentage, as the production volumes are confidential and are therefore not reported.
b) Entity specific indicator
c) Excluding the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil). This KPI corresponds to the scope of the 'Wastewater' target, which was formulated before these new legal entities were conceptualized.
d) Including the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil).

**Sulfate emissions** may occur during fiber and pulp production. Absolute emissions slightly increased due to increased production output but specific emissions remained stable. Sulfate emissions are not pollutants in the sense of the EU PRTR and are reported voluntarily.

**Amine emissions** are specific to lyocell production. Lenzing monitors the emissions to water at all lyocell production facilities. Absolute and specific emissions decreased due to constant process optimization driven by cost optimization and the operational adjustments at the newest Prachinburi (Thailand) site. The Grimsby (UK) site is expected to remain the main contributor of amine emissions in the Group until the new wastewater treatment plant is fully operational.

**Other PRTR pollutants** included in table 30 are reported for the first time in accordance with ESRS requirements. The **nonylphenol and nonylphenol ethoxylates (NP/NPEs)** emissions thresholds are only exceeded at the Lenzing (Austria) site. The site estimates the emissions based on third party measurements (that are performed every seven years) by adjusting the measured values with the effluent quantity.

For more information about other waste streams besides wastewater and air emissions, please see the "E5 Resource use and circular economy" chapter.

## Substances of concern and substances of very high concern

[ESRS E2-5]

The definition of substances of concern (SoCs) and substances of very high concern (SVHCs) are included in the ESRS Annex II. Under this definition, a list of hazard classes or hazard categories classified in Part 3 Annex VI to Regulation (EC) No.1272/2008 are outlined as criteria.

The chemicals containing SoCs and SVHCs are identified by mapping the hazard classes in the production chemical inventories from all Lenzing sites.

The amount of a SoCs or a SVHCs in a chemical mixture is calculated based on its percentage as disclosed in the Safety Data Sheet (SDS) provided by the supplier. The quantity breakdown of SoCs and SVHCs per hazard class are listed in tables 32 and 34.

The total amount of SoCs is the absolute value irrespective of whether one SoCs falls under more than one hazard class (see table 33).

**Substance of Concern (SoCs) by hazard classes[a]**

Table 32

| (Tons) | H-Phrase | Input[b] | Output |
|---|---|---|---|
| Skin sensitisation category 1 | H317 | 55,860.27 | 1.04 |
| Respiratory sensitisation category 1 | H334 | 0.04 | 0.04 |
| Reproductive toxicity category 2 | H361fd | 71,466.79 | 8,732.85 |
| Specific target organ toxicity, repeated exposure category 1 | H372 | 71,464.60 | 8,731.32 |
| Chronic hazard to the aquatic environment categories 1 to 4 | H410<br>H411 | 37.53 | 37.53 |
| Persistent, Bioaccumulative and Toxic or Very Persistent, Very Bioaccumulative properties | EUH440<br>EUH441 | 2.19 | 2.19 |

a) The input and output quantities are calculated according to the best of our knowledge and available information.
b) Input refers to merely chemicals that are used for pulp or fiber production, not including any chemicals applied for wastewater treatment, machine maintenance etc.

### Total amount of Substance of Concern (SoCs)[a]

Table 33

| (Tons) | Input[b] | Output |
|---|---|---|
| Total SoCs | 127,391 | 8,769 |

a) The input and output quantities are calculated according to the best of our knowledge and available information.
b) Input refers to merely chemicals that are used for pulp or fiber production, not including any chemicals applied for wastewater treatment, machine maintenance etc.

### Substances of very high concern (SVHCs) by hazard classes[a]

Table 34

| (Tons) | Input[b] | Output |
|---|---|---|
| Respiratory sensitising properties (article 57f - human health) | 0.005 | 0.005 |
| Persistent, Bioaccumulative (article 57d) and Toxic or Very Persistent, Very Bioaccumulative properties (article 5e) | 2.192 | 2.192 |

a) The input and output quantities are calculated according to the best of our knowledge and available information.
b) Input refers to merely chemicals that are used for pulp or fiber production, not including any chemicals applied for wastewater treatment, machine maintenance etc.

The metrics in this section are not validated by an external body other than the assurance provider.

## Pollution stakeholder engagement

[GRI 3-3f]

The Lenzing Group actively engages with local communities by promtly addressing complaints and taking immediate remedial actions. Lenzing works closely with enforcing authorities by ensuring compliance with permitting requirements and promptly reporting any incidents.

### Zero Discharge of Hazardous Chemicals (ZDHC)

The Zero Discharge of Hazardous Chemicals (ZDHC) multi-stakeholder platform initiated a special focus on and task teams for wastewater, sludge, solid waste and air emissions in the textile industry. Lenzing has participated in the Man-Made Cellulose Fibers (MMCF) task team on wastewater, sludge, solid waste and air emissions since 2018. In 2020, Lenzing adopted the ZDHC guidelines on wastewater, air emissions and responsible fiber production for MMCF manufacturers. In 2021, Lenzing started ZDHC Gateway reporting in accordance with the wastewater guideline for its viscose operations in Purwakarta (Indonesia), Nanjing (China) and Lenzing (Austria). In 2023 the revised and extended MMCF guideline v2.2, which includes other fibers, such as lyocell was published. Lenzing implemented this guideline and the first reporting for the lyocell sites started in October 2023. A revision of the MMCF guideline (version 3) is ongoing and is expected to be finalised by summer next year. Once published, Lenzing will start implementing it across all sites.

### EU Industrial Emissions Directive (IED) and BREF

On the site- and Group-level, Lenzing engages with the technical working groups (TWG) on BREF revision, as well as in IED/BREF development (indirectly through the European Chemical Industry Council, Cefic).

### EU chemicals regulation

On the Group-level, Lenzing participates in activities relating to the revision of EU chemicals regulation through various associations, such as the European Chemical Industry Council (Cefic) and the Association of the Austrian Chemical Industry (FCIO).

### Higg FEM

In 2024 Lenzing participated in regular update calls concerning the upcoming changes and improvements of the assessment process. For more information on the Higg FEM see the glossary.

# ESRS E3 Water and marine resources

MANAGEMENT APPROACH

## Material topic: Water and marine resources

[ESRS 2 MDR-A 68a; GRI 3-3]

Lenzing is committed to reducing its product water footprint by using more Lenzing pulp and increasing the production of specialty products. The company's communication strategy leverages Life Cycle Assessment (LCA) data to inform its partners about water footprints, helping them meet their water goals. This commitment to sustainable water management strengthens Lenzing's position as a global leader in environmentally responsible fiber production.
For disclosures concerning emissions to water, see "E2 Pollution" chapter.

### Negative actual and potential impacts

- Water withdrawals and water consumption: Negative impact on water resources through water withdrawal by Lenzing and its value chain (own operations, downstream value chain)

### Opportunities

- Water withdrawals and water consumption: Opportunity by helping value chain partners meeting their targets through products with improved water footprint (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Water Policy

### Actions taken [ESRS 2 MDR-A 68a]

- Integration of global water-related assessment tools into risk management
- Water footprint assessment of fiber products and raw materials
- Efficiency and improvement measures, e.g. installation of an additional reverse osmosis unit at the lyocell plant at the Lenzing site, Austria.
- Higg FEM self-assessment for all and additional verification for three productions sites to help with the monitoring of water footprints, reduction of risks related to water use and to devise measures to enhance water-related efficiency.

### Further actions (not described in more detail in E3-2)

- Water stewardship actions:
  - ✓ Continuous monitoring and reporting of water withdrawal and consumption according to the Environmental Management System ISO 14001, GRI, ESRS, CDP and other water-related standards and guidelines.
  - ✓ Use of state-of-the-art wastewater treatment technologies.
  - ✓ Monitoring and optimization programs aim to reduce water consumption in different process steps.
- Continuously reducing water consumption and water-related emissions after wastewater treatment
- Water consumption actions:
  - ✓ Efficient use of water resources, by recycling and reusing water in operations, e.g. closed-loop cooling water system, skipping the process of drying and re-moistening market pulp

### Sustainability targets

- "FEM" target

### Stakeholders

- Local communities
- Enforcing authorities
- Customers
- Greenpeace

### Responsible

- CEO
- Site directors

### Supporting

- Global Health, Safety and Environment (HSE)
- Operations Service Group

## Impact, risk and opportunity management

[ESRS E3 ESRS 2 IRO-1]

For information on the general double materiality process, please see the "Double materiality analysis" section in the "ESRS 2 General disclosures" chapter.

### Water stewardship

[GRI 303-2]

The Lenzing Group considers water-related issues in the upstream and downstream value chain of its products. Life Cycle Assessment (LCA) is the basis for identifying hot spots and supports strategic decision-making. Lenzing aims to contribute to the sustainable use of water wherever it can exert a direct or indirect influence. This includes the withdrawal and consumption of fresh water, which are the subject of Lenzing's Group Environmental Standard and the Water Policy. These presuppose continuous monitoring and reporting according to the Environmental Management System ISO 14001, GRI, ESRS, CDP and other water-related standards and guidelines. Figure 10 illustrates Lenzing's contribution in this context at different stages of the value chain.

Lenzing considers water to be an extremely valuable resource, enabling the production of dissolving wood pulp and cellulose fiber products. Continuous water stewardship is therefore key to carefully interacting with this natural resource. Since water is a precious resource, increasing water scarcity in many parts of the world poses a threat to people, the environment, and sustainable economic development. For example, poorly managed wood plantations can put pressure on the regional water balance. Lenzing procures certified wood from sustainably managed forests and therefore mitigates the potential impacts of water stress. On the other hand, some materials used in textile supply chains create high water impacts through water consumption and water pollution. Key issues in water stewardship are the efficient use of water in production and the use of state-of-the-art wastewater treatment technologies.

Lenzing provides fibers with a lower water footprint than generic cellulose fibers in order to satisfy growing future demand for sustainable fibers and innovates products that omit downstream value chain steps. This contributes to the reduction of water impacts in the textile industry, which often operates in water-scarce regions. The lyocell facility in Prachinburi (Thailand) is the Group's only site in a region of water risk and high-water stress. Its water-efficient lyocell technology and constant measures to improve water use at the site are critical to Lenzing's commitment to water stewardship. Monitoring and optimization programs aim to reduce water consumption in different process steps such as washing, recovery, and sprinkler systems.

## Policies

[ESRS E3-1; GRI 3-3c]

**Water Policy**

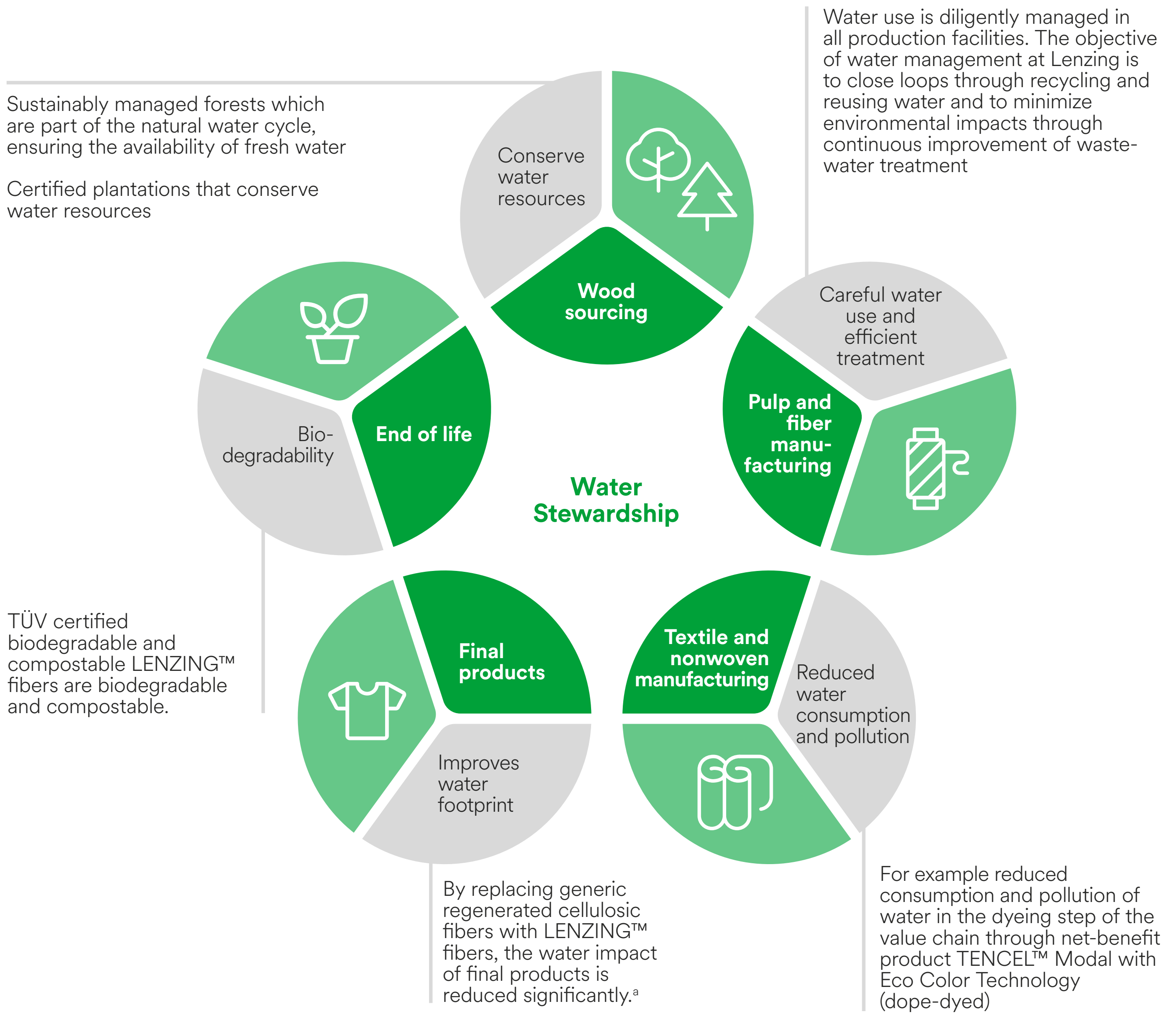
Lenzing's Water Policy was approved by the Managing Board and published in 2022 and is available on Lenzing's website. The production of dissolving wood pulp and fiber entails water withdrawal from, as well as emissions to water bodies, thereby creating dependencies and potential impacts on water availability and quality in the relevant regions of operations. Lenzing actively manages and assesses water use relating to its own operations and products, which is governed by a Group-wide performance standard for water-related topics and is applicable to all production sites. This standard, which is based on industry best practices such as EU-BAT and ZDHC, is regularly reviewed and updated. Compliance with the Water Policy is ensured through regular internal audits as part of the Global Environment Management process in accordance with ISO 14001. The Vice President (VP) Global HSE is the most senior person accountable for the overall implementation of the Water Policy, while at the site level, the site directors and the site Safety, Health and Environment (HSE) managers are responsible for the local roll-out and implementation of the policy.

- The Water Policy can be summarized by five key elements: Lenzing recognizes and aligns its efforts with leading practices such as ensuring the availability and sustainable water management of water and sanitation for all (SDG 6).
- Lenzing engages value chain partners and other key stakeholders by fostering wider water stewardship and programs based on sustainability principles in order to reduce water-related impacts and benefit all members of the community.
- Lenzing pledges to comprehensively monitor, control and report direct and indirect interactions with water resources. Lenzing continuously assesses the risks and opportunities relating to climate change and other global environmental issues and addresses them in its business strategy.
- Lenzing optimizes and improves its performance in terms of its water use and product water footprint through its alignment with industry best practice, as well as continuous efforts in the fields of technology and management innovations.
- Lenzing aims to continuously reduce its water consumption and water-related emissions after wastewater treatment to a level above and beyond the legal requirements in order to ensure water quality and availability wherever Lenzing operates, thereby meeting its stakeholders' expectations.

Lenzing recognizes the growing global issue of water stress and quality, which significantly impacts millions of lives. As part of its sustainability strategy, Lenzing has prioritized water stewardship, committing itself to the responsible management and conservation of water resources for the benefit of communities, future generations, and the company itself. For more information on areas of high-water stress, please see the "Water stewardship" section of this chapter.

The Water Policy covers the following impact and opportunity: Negative impact on water resources through water withdrawal by Lenzing and its value chain; Opportunity by helping value chain partners meeting their targets through products with improved water footprint.

Figure 10




a) Based on Higg MSI database v3.5 (Dec 2022)

## Actions

[ESRS E3-2; GRI 3-3d, 303-1]

A summary of the "Actions taken" can be found in the management approach section at the beginning of this chapter.

**Integration of global water-related assessment tools into risk management**

Water risk assessment at the corporate level is carried out by collecting contextualized qualitative and quantitative information on the supply chain and Lenzing's own production using the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter. These data and tools not only support evaluation of the current water situation and identification of areas at water risk for specific locations, including regions of high water stress, but also provide insight into future scenarios, such as those induced by the effects of climate change on water availability and quality. The activity is a continuous annual process and was again conducted in the reporting year.

**Water footprint assessment of fiber products and raw materials**

At the product level, LCA is the primary tool used for assessing cradle-to-gate impacts within direct and indirect operations, i.e. own pulp and fiber production and upstream supply chains. This not only supports substantiation of product-related environmental claims but also enables identification of areas for improvement such as pulp production (including recycling) or key chemicals. The procedure is supported by the environmental data collection process relating to in-house operations, including water use, effluents, and discharge of priority substances of concern, as well as the increasing collection of primary data on water use from suppliers. While the focus was initially on pulp suppliers, primary data is now also being requested from important chemical suppliers. This systematic collection of data from Lenzing's own production and its suppliers is performed on demand and feeds into the continuous updates of LCA calculations for Lenzing's products.

**Efficiency and improvement measures**

By the end of 2024, the installation of an additional reverse osmosis unit was completed at the lyocell plant at the Lenzing site in Austria, which will reduce water consumption by regaining water for use in other process steps. In addition, less water is required for NMMO recovery, which increases the water reuse rate even further. Moreover, improvements in spin bath evaporation help to noticeably reduce GHG emissions. For more information on Lenzing's actions in relation to operations in areas at water risk, please see the "Water consumption" section of this chapter.

**Higg Facility Environmental Module (FEM)**

In 2024, Lenzing continued to implement the Higg FEM assessment and conducted self-assessments at all production sites to monitor water footprints, reduce risks related to water use, and devise measures to enhance water efficiency. Additionally, three sites in Prachinburi (Thailand), Nanjing (China), and Purwakarta (Indonesia) underwent third-party verification.

For the action in own operations regarding the "Negative impact on water resources through water withdrawal by Lenzing and its value chain", please see the "Water stewardship" section in this chapter. Lenzing did not take action to address this impact in its downstream value chains, Lenzing has been prioritizing and working on key topics in a step wise manner.

## Metrics and targets

[ESRS E3-3; GRI 3-3e, 303-1]

See "Sustainability targets" in the management approach section at the beginning of this chapter. All of Lenzing's sustainability targets and the process of setting and monitoring (ESRS 2 MDR-T 80g, 80j) can be found in the "Sustainability targets, measures and progress" section in the "ESRS 2 General disclosures" chapter. For targets relating to water pollution see the "E2 Pollution" chapter.

| **FEM** | **To implement and annually update the Facility Environmental Module (FEM) in all pulp and fiber production facilities and share verified modules with customers from 2024[d]** | **Continuous On track** |
|---|---|---|
| Measure(s) | Lenzing conducts self-assessments at existing sites in 2022 and first external verification by 2023 | **2023 Achieved** |
| | Lenzing conducts self-assessments and trainings for new legal entities (Prachinburi (Thailand) and Indianópolis (Brazil)) in 2023 and first external verification by 2025 | **2025 On track** |
| Progress made in 2024 | In 2024, Lenzing continuously implemented the Higg FEM assessment. In November 2023, CASCALE published the Higg FEM 4.0, including a major revision and several changes in terms of verification requirements. Lenzing has conducted self-assessment for all sites and only three sites located in Thailand, China and Indonesia were verified in 2024. Verification of these three sites has been completed, with the final score of around 90. Due to revision of Higg FEM 3.0 and changes, Indianópolis (Brazil) could not be verified in 2024. Thus the measure year is moved from 2024 to 2025 and is still on track. The overall target year has been changed to "continuous" as it is an ongoing effort to be continuously achieved. | |

d) The scope includes all Lenzing production sites, also the new sites in Prachinburi (Thailand) and Indianópolis (Brazil).

The Higg Facility Environmental Module (Higg FEM) is a standardized tool that is designed to measure and evaluate the environmental performance of companies at the production facility level. It provides a comprehensive overview of a facility's environmental impact, covering aspects such as energy use, water consumption, air emissions, and waste management. Due to industry initiatives and standardized approaches for monitoring and improving environmental performance in the value chain, many customers have been requesting the implementation of FEM to capture data on suppliers' environmental aspects.

In order to ensure water quality and availability at Lenzing's production sites, Lenzing aims to continuously reduce water consumption and water-related emissions. Various elements are considered within the target-setting process, which acknowledges that the water scarcity situation is changing in many regions due to climate change. The targets were defined using a comprehensive approach that includes harmonized industry benchmarking to promote transparency in the value chain, as well as contributions to relevant Sustainable Development Goals (SDGs), that are strongly aligned with and significantly support the corporate sustainability strategy. Lenzing set the FEM target to improve transparency by implementing the Higg FEM for the first time in 2017 (baseline year), starting with zero FEM-verified sites (baseline value). Each site has set individual water targets for specific baseline and target years.

The Higg FEM provides a clear picture of a facility's water footprint, enabling the reduction of risks related to water use and helps to devise measures to enhance water efficiency. In this context, the FEM-target aligns with the Lenzing Water Policy by providing monitoring mechanisms for the continuous evaluation and improvement of water-related metrics, thereby supporting the commitment to sustainable water management and conservation. Furthermore, Lenzing's voluntary FEM-target addresses the management of material impacts, risks, and opportunities, such as water consumption at a facility level and the management of operations in water risk and water stress areas. For more information on water risks areas, please see the "Water consumption" section. Measures to reduce negative impacts on water quality are addressed in the "E2 Pollution" chapter. The Group Environmental Management team was an instrumental stakeholder for setting the target together with the Corporate Sustainability team.

Lenzing does not have a target regarding the downstream aspects of the "Negative impact on water resources through water withdrawal by Lenzing and its value chain", Lenzing has been prioritizing and working on key topics in a step wise manner.

## Water consumption

[ESRS E3-4; GRI 303-3, 303-4, 303-5]

Target setting also considers the contextual situation of water resource aspects. The implementation of Higg FEM requires production facilities examine prospective water withdrawal and/or consumption, aiming for a reduction in the corresponding area.

The objective of water management at Lenzing is to ensure efficient use of precious water resources, such as recycling and reusing water in operations. The pulp mill at Paskov (Czech Republic) has a closed-loop cooling water system and therefore requires little make-up water to compensate for losses. Furthermore, integrated pulp and fiber production at the Lenzing site (Austria) saves water by skipping the process of drying and re-moistening market pulp. Pulp and fiber production facilities obtain water from adjacent water bodies (mainly rivers and groundwater) and municipal local suppliers. Substantial amounts of water are consumed by the inherent moisture uptake of cellulose fibers and vaporization in the cooling process, as water serves as a cooling and process agent during manufacturing. The spin bath in the lyocell process contains water and the solvent NMMO to dissolve the cellulose polymer prior to spinning. The viscose process uses a mix of process chemicals and water. In both production technologies water is recycled and reused by separating it from process chemicals and/or solvents with high efficiency (see also "E5 Resource use and circular economy" chapter). This is the state-of-the-art technology used at all Lenzing facilities. It enables water to be saved, provides optimal pre-treatment for water discharge, and optimizes fiber properties and quality. With the help of the recovery systems, Lenzing gains marketable co-products and reusable process chemicals. A final wastewater treatment stage reduces effluent charge, aiming to avoid potential harm to receiving water bodies by exceeding local quality requirements.

**Water withdrawal[a]**

Table 35

| (m³) | 2014 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **All areas** | | | | |
| Surface water | 103,000,000 | 101,429,595 | 97,085,000 | 80,851,000 |
| freshwater | 0 | 101,429,595 | 97,085,000 | 80,851,000 |
| Groundwater | 14,000,000 | 14,226,523 | 12,747,000 | 14,335,000 |
| freshwater | 0 | 14,226,523 | 12,747,000 | 14,335,000 |
| Seawater | 0 | 0 | 0 | 0 |
| Produced water | 0 | 0 | 0 | 0 |
| Third-party water | 0 | 9,600,396 | 8,961,000 | 5,701,000 |
| freshwater | 0 | 9,600,396 | 8,961,000 | 5,701,000 |
| of which in areas of water stress | 0 | 1,325,900 | 1,837,000 | 0 |
| **Total water withdrawal** | **117,000,000** | **125,792,211** | **118,793,000** | **100,887,000** |
| **of which in areas of water stress** | **0** | **1,325,900** | **1,837,000** | **0** |

a) From freshwater (≤1.000 mg/l Total Dissolved Solids), no withdrawal from other water (>1.000 mg/l Total Dissolved Solids)

**Water intensity**

Table 36

| total water consumption per revenue (m³/EUR mn) | 2024 | 2023 | 2022 |
|---|---|---|---|
| Water intensity | 5,076 | 4,828 | 3,152 |

The total water withdrawal, discharge and consumption increased in 2024 because of higher production output. However, the only site located in an area of water risk and high-water stress, Prachinburi (Thailand), stabilized its operations resulting in lower water withdrawals and discharges year on year.

Lenzing has revised its water intensity metric to ensure compliance with the ESRS. The previous metric of "water withdrawal per pulp and fiber produced" was replaced by "water consumption per revenue".

Total water recycled and reused is reported for the first time. The largest contributions are from recirculating cooling water and process water recycling in lyocell production. For a description of the scope, accounting principles and limitations of the data, see below.

**Water consumption**

Table 37

| (m³) | 2014 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Total water consumption | 9,000,000 | 13,520,862 | 12,173,000 | 8,087,000 |
| of which in areas of water stress | 0 | 635,726 | 867,000 | 0 |
| Total water recycled and reused | | 471,484,218 | | |

**Water discharge**

Table 38

| ($m^3$) | 2014 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **Water discharged by destination** | | | | |
| Surface water | | 53,709,893 | 50,293,350 | 35,166,000 |
| Groundwater | | | 0 | 0 |
| Seawater | | | 0 | 0 |
| Third-party water | | 58,561,456 | 56,326,000 | 57,633,000 |
| of which in areas of water stress | | 690,174 | 970,000 | 0 |
| of which third-party water sent for use to other organizations | | | 0 | 0 |
| **Water discharged by water quality** | | | | |
| Freshwater (≤1,000 mg/L Total Dissolved Solids) | | 70,174,531 | 65,957,000 | 66,496,000 |
| of which in areas of water stress | | 690,174 | 970,000 | 0 |
| Other water (>1,000 mg/L Total Dissolved Solids) | | 42,096,818 | 40,662,000 | 26,304,000 |
| **Total water discharged** | **108,000,000** | **112,271,349** | **106,619,000** | **92,799,000** |
| **of which in areas of water stress** | **0** | **690,174** | **970,000** | **0** |

# Accounting principles

Lenzing's water monitoring and reporting follows its externally certified ISO 14001 environmental management system. All production sites comply with local legal and permitting requirements. Water withdrawal and discharge are measured and are reported based on continuous metering. The sources of all withdrawals, as well as the destinations and quality of discharges are monitored and reported in tables 35 and 38. The sites provide this information to the Group database monthly. The data is then aggregated for Group-level reporting. The water consumption is calculated as the difference between discharge and withdrawal. While the Group-level data is not validated by an external body other than the assurance provider, water withdrawal and discharge monitoring are subject to inspections by local authorities at the sites.

The quantification of water recycling flows on a Group level is a new requirement for annual reporting. Water recycling and reuse are practiced by all Lenzing sites and water that enters the production sites may be used multiple times before being discharged back into the environment. Water used in the fiber and pulp production processes (process water), cooling water and steam condensate are generally recycled at the sites and included in the total in Table 37. The quantification of the Indonesian site's recycling practices is still underway and is not included in this report. The reason is that water recycling flows are very specific to each site. Aspects that influence water recycling are e.g. the local climate, access to cooling water or technological and know-how related.

For 2024 reporting, particular pulp and lyocell process water recycling flows are included. For a description of water reuse in lyocell production, see the "Actions" section above. However, many complex recycling systems, such as the reuse of water in different fiber washing steps are not represented in this report but are subject to further investigation.

The reported total also includes water recycled in cooling towers and non-contact heat exchange operations. The Lenzing Group operates recirculating cooling systems with cooling towers. Relative to once-through cooling systems, this allows for the recycling of very large amounts of water. The amount of water recycled in such cooling systems is calculated from cooling tower parameters and based on direct measurements (flow meter readings). The Indonesia, USA and Czech sites cooling water recycling and some individual cooling towers at other sites are not yet included in reported values as the required data reporting processes are still being established.

As the technical specifications are still under assessment, there is currently no established foundation or sufficient data available to provide a reasonable estimate of missing water recycling and reuse flows.

# Water and marine resources stakeholder engagement

[GRI 3-3f]

**Greenpeace**

In the reporting year, Greenpeace conducted a survey investigating the groundwater use of Austria's largest industrial companies. Lenzing contributed by sending the requested data and other information that were used as the basis for the analysis. The published data confirms that Lenzing's groundwater use is within the permitted quantities. The Greenpeace article and findings are available here.

**Brands & retailers**

Lenzing participates in ongoing regular exchanges on a wide range of sustainability topics. This includes providing LCA data on water footprints to assist brands & retailers in achieving their water targets. In addition, Lenzing shares water use data for Lenzing fibers.

# ESRS E4 Biodiversity and ecosystems

MANAGEMENT APPROACH

## Material topic: Biodiversity and ecosystems

[ESRS 2 MDR-A 68a; GRI 3-3]

The World Economic Forum[9] identifies the loss of biodiversity and ecosystem collapse as one of the top three global risks to people and the planet, alongside climate change. At the same time, investment in the protection of biodiversity is also critical to the success of Lenzing's business, as wood is the most important raw material for Lenzing. The main source of potential impact from the Lenzing Group's operations and supply chain is therefore connected to land use by forestry. Negative effects on biodiversity can arise from intensified utilization of forests. On the other hand, the positive effects of sustainable forest management on biodiversity and ecosystems are well known[10] and can be further explored and enhanced. The company therefore continues to innovate in the fields of responsible systems, processes and products that mitigate risks to the natural environment. Lenzing's innovation in fiber production also provides end-of-life solutions for textile and nonwoven products. In 2023, the company received reconfirmation from Scripps Institution of Oceanography at the University of California, San Diego that LENZING™ standard fibers (LENZING™ Viscose Standard, LENZING™ Lyocell Standard and LENZING™ Modal Standard) are biodegradable in marine environments[11]. Lenzing has joined the Science Based Targets for Nature (SBTN) Corporate Engagement Group and signed the European Business Nature Commitment.

### Negative actual impacts

- Climate change as an impact driver of biodiversity loss: Negative impact of Lenzing and its value chain by contribution to climate change and consequential biodiversity loss (own operations, value chain)

### Negative actual and potential impacts

- Invasive alien species as an impact driver of biodiversity loss: Potential negative impact on biodiversity introducing invasive alien species by wood transport (own operations, upstream value chain)
- Impacts on the state of species – Species global extinction risk: Negative impact on threatened species in case of a lack of monitoring and management (own operations, upstream value chain)

### Negative potential impacts

- Land-use change as an impact driver of biodiversity loss: Potential negative impact on ecosystems due to suppliers potentially performing land-use change (upstream value chain)
- Impacts and dependencies on ecosystem services: Potential negative impact on ecosystem services due to impacts on biodiversity (upstream value chain)

### Positive actual impacts

- Climate change as an impact driver of biodiversity loss: Positive impact on biodiversity by sustainable wood sourcing and engagement in afforestation projects (own operations, upstream value chain)

### Risks

- Biodiversity and ecosystems: Risk of wood scarcity & high wood prices resulting from biodiversity loss (upstream value chain)

### Opportunities

- Land-use change as an impact driver of biodiversity loss: Opportunity through positive positioning with best practice wood sourcing from sustainably managed forests and plantations (own operations, upstream value chain)

### Further actions (not described in more detail in E4-3)

- Lenzing addresses biodiversity conservation in its supply chain through one of two approaches, depending on the global region:
  - Sustainably managed forests in the Northern hemisphere by Lenzing's wood and pulp suppliers in Europe and North America: using wood from sustainably managed semi-natural forests supports biodiversity
  - Plantation forestry is conducted mainly in the Southern hemisphere by Lenzing's pulp supplier in South Africa and by the pulp plant in Brazil: when sourcing from plantations, considerable efforts are made to set aside conservation areas to protect and maintain biodiversity
- Lenzing minimizes its impact on ecosystems by implementing circular thinking (such as closed-loop systems and recovery) and maintaining high environmental standards, based on EU BAT and EU Ecolabel certifications, in its operations, procurement, and innovations
- Lenzing has been working with NGOs, customers and partners along the downstream value chain to raise public awareness of biodiversity and take conservation measures to preserve it
- Development of a Biodiversity Approach and Action Plan
- Lenzing achieves the dark green shirt, the highest Hot Button category score by the Canopy Style initiative, for the fourth time
- Lenzing participates in the Circular Fashion Partnership
- CDP 2024 (formerly Carbon Disclosure Project): Lenzing achieved 'Climate A' for four years in a row, 'Forest A-' and 'Water B' demonstrating strong transparency and integration of environmental considerations into business strategy
- Lenzing and ÖBf (Österreichische Bundesforste/Austrian federal forests) have agreed on an action plan for engagement on peat bog protection and maintenance in the Ausseerland region in Styria (Austria). Wet meadows with exceptionally high biodiversity and ponds for amphibians are being restored.
- Lenzing has aligned projects with CDP, Canopy and ÖBf
- Lenzing discloses information according to recommendations of the Taskforce on Nature-Related Financial Disclosures (TNFD) for the first time

[9] WEF Global Risk Report 2024, long-term risks (10 years)
[10] Kunz 2017: Artenschutz durch Habitatmanagement. Chapter 6.2 Wiley-VCH
[11] Royer S-J, Greco F, Kogler M, Deheyn DD (2023) Not so biodegradable: Polylactic acid and cellulose/plastic blend textiles lack fast biodegradation in marine waters. PLoS ONE 18(5): e0284681. https://doi.org/10.1371/journal.pone.0284681

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Wood and Pulp Policy
- Biodiversity Policy
- Sustainability Policy

### Actions taken [ESRS 2 MDR-A 68a]

- Biodiversity due diligence via sustainable sourcing: Forest certificates: All wood and dissolving wood pulp used by the Lenzing Group are either certified by FSC® or PEFC or controlled in line with these standards
- Reduce: Via circular economy approaches and climate targets - Resource use and Recycling
- **Conservation, Afforestation, Restoration and Reforestation:** Lenzing proactively participates in conservation projects to protect the world's ecosystems:
  - Conservation within LD Celulose`s plantations
  - Innovation for people: Reducing the carbon footprint, protecting forests and improving lives of rural communities vulnerable to the effects of the climate crisis (see "Restoration and reforestation")
  - Maintenance and support of ecosystem services in Austria (see "Restoration and reforestation")
  - Albania and West Balkans / Drin River valley (see "Restoration and reforestation")
  - Wood K Plus (see "Biodiversity and ecosystems stakeholder engagement")
  - Sustainable Agriculture & Agroforestry in Tanzania (ICEP Project Lenzing Tanzania) (see "Biodiversity and ecosystems stakeholder engagement")
  - In the Ruvubu National Park (Burundi), reduction of utilization pressure and reforestation with native trees to restore the natural ecosystem and contribute to climate protection (Caritas Steiermark/ODAG Caritas Gitega/Burundi/University of Burundi) (see "Biodiversity and ecosystems stakeholder engagement")
  - Fashion Forest Afforestation Project (see "Biodiversity and ecosystems stakeholder engagement")

  Further details of each project are described in the "Restoration and reforestation" section, the "Fiber brand-related climate protection, forest protection and afforestation projects 2024" section and the "Biodiversity and ecosystems stakeholder engagement" section of this chapter.
- Lenzing supported Business for Nature's Business Statement for COP 16 to the Convention on Biological Diversity (October 2024)
- Lenzing signed up to the Science Based Targets for Nature (SBTN) Corporate Engagement Group, and the European Business Nature Commitment
- Pollution prevention: For more information, please see the "E1 Climate change" and the "E2 Pollution" chapters
- Actions regarding climate change and subsequent biodiversity loss: For more information, please see the "E1 Climate change" chapter

### Sustainability targets

- "Conservation project Albania" target
- "Conservation area Brazil" target
- "Conservation projects" target

### Stakeholders (in alphabetic order)

- Canopy Style initiative
- Caritas Austria
- China National Textile and Apparel Council (CNTAC)
- COP 16 to the Convention on Biological Diversity (United Nations)
- Forest certification organizations
- Forest Europe, European and national forest strategies
- Inspiring Cooperation Empowering People (ICEP)
- NGOs
- ÖBf (Österreichische Bundesforste/Austrian federal forests)
- Policymakers
- Taskforce on Nature-related Disclosures (TNFD)
- Textile Exchange
- Wood K Plus
- Wood suppliers
- WWF Austria

### Responsible

- Member of the Managing Board (Pulp)
- Senior Director Purchasing Wood
- SVP Commercial Affairs Pulp

### Supporting

- Pulp Trading (PTG)
- Corporate Sustainability

## Strategy development

[ESRS E4-1; GRI 3-3ab]

See "Actual and potential negative and positive impacts, risks and opportunities" in the management approach at the beginning of the chapter.

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), pressures on nature leading to loss of biodiversity and ecosystem functions are categorized into five groups (IPBES 2019[12] as cited by Science Based Targets for Nature (SBTN)[13]):

1. Land/ water/ sea use change
2. Resource exploitation
3. Climate change
4. Pollution
5. Invasive species

In the context of global biodiversity loss, the textile and apparel industry has recently become more aware of its contribution to this problem[14] [15]. The focus is currently on the agricultural production of

[12] IPBES 2019: Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Díaz, and H. T. Ngo (editors). IPBES secretariat, Bonn, Germany. https://ipbes.net/global-assessment
[13] Science-based targets for nature. Initial guidance for businesses. 2020.
[14] Textile Exchange, Biodiversity Insights Report 2021. https://textileexchange.org/app/uploads/2021/11/Biodiversity-Insights-Report-2021.pdf
[15] Global Fashion Pact, https://www.thefashionpact.org/our-work/#Tools-and-resources

natural fibers (mainly cotton, and animal fibers such as wool), as agricultural land use is viewed as a main driver of biodiversity loss, although wood sourcing from forests is also considered as a potential cause. Pollution issues related to fiber production and textile processing, potentially occurring from all materials including synthetics, are currently considered to a lesser extent in a biodiversity context[16]. Textile and nonwoven products have potential negative impacts at the end of their life due to littering in land and water ecosystems, especially via non-biodegradable materials that are leaked into the environment. As a leading cellulose fiber manufacturer, Lenzing focuses on three areas: its wood and pulp sourcing, its fiber production processes and products' end of use, in order to address biodiversity loss by minimizing the impact of biodiversity drivers.

To pursue the development of its biodiversity strategy, Lenzing joined the European Business Nature Commitment (EBNC), and the Science Based Targets for Nature (SBTN) Corporate Engagement Program in 2023. Both organizations are focusing on business action to halt and reverse nature loss by 2030. They provide guidance for high-level action by taking measures such as the "assess – commit –transform – disclose" approach of EBNC, collaborating in developing and selecting suitable frameworks and tools for assessing impacts and dependencies, as well as guidance for setting targets. Practical guidance has been used from the Taskforce on Nature-related Financial Disclosures (TNFD).

## Biodiversity Approach and Action Plan

For information on the preliminary results of the strategy process, please refer to the "Biodiversity Approach and Action Plan". The purpose of this document is to describe the approach Lenzing takes to address the complex challenges regarding the nature-related dependencies, impacts and opportunities of its business, as well as legal requirements that are in force or upcoming. The main principles are laid out in the Biodiversity Policy. This document provides a preview of the work in progress to open this discussion with our internal and external stakeholders. In terms of goals and targets, it refers to Lenzing's current and short-term actions and targets in line with the thinking of many practitioners in the biodiversity field that the lack of a comprehensive strategy should not stop organizations from taking reasonable action now, even on the basis of current knowledge, which is admittedly limited. While the overall direction is clear for the mid- to long-term, specific targets and actions still need to be defined. This involves the following steps:

**Lenzing's Biodiversity Approach and Action Plan: Navigating complexities, uncertainties, and legal requirements** Table 39

| |
|---|
| The need and requirements for a Biodiversity Approach |
| Identifying dependencies on ecosystems, sources of impact, defining methods, and indicators |
| Locating dependencies and potential impacts |
| Dependencies and impact measurement |
| Impact materiality assessment |
| Risks and opportunities: Resilience analysis |
| Defining potential next steps and tasks – Action Plan |
| Current and short-term actions |

[16] Textile Exchange (2023), Biodiversity Landscape Analysis for the Fashion, Apparel, Textile, and Footwear Industry. https://textileexchange.org/knowledge-center/reports/biodiversity-landscape-analysis/

Please note that this document does not represent the complete biodiversity strategy according to the ESRS requirements.

# Resilience assessment

As part of the Biodiversity Approach and Action Plan, an initial resilience analysis based on the LEAP approach[17] of the Taskforce on Nature-related Financial Disclosure (TNFD) was carried out in the reporting year. The TNFD framework is designed to help organizations understand and disclose their impacts and dependencies on nature, thereby integrating nature-related risks and opportunities into their strategic planning and decision-making processes. For a description of the assessment of the resilience of its business model and strategy, as well as the scope, key assumptions, time horizons, results and involvement of stakeholders, please see the "Nature-related risk assessment according to TNFD" section in the "ESRS 2 General disclosures" chapter.

[ESRS E4 ESRS 2 SBM-3; GRI 304-2]

## Lenzing's potential impacts: biodiversity-sensitive areas

Several databases, including e.g. Natura 2000 network, Key Biodiversity Area network, Ramsar sites, European Environment Agency-European Protected Sites, Emerald Network, Protected Planet database, and UNESCO sites, were used to assess and identify biodiversity-sensitive areas and protected areas within the proximity of Lenzing's operational sites. Terrestrial areas up to 10 km from operational sites and water areas up to 30 km downstream of Lenzing's operational sites are listed in the Biodiversity Sensitive Area List. Lenzing operates seven sites (Lenzing (Austria), Heiligenkreuz (Austria), Paskov (Czech Republic), Grimsby (UK), Mobile (USA), Indianópolis (Brazil), Nanjing (China)), located near biodiversity-sensitive areas. For Lenzing's operational sites Purwakarta (Indonesia) and Prachinburi (Thailand) no areas within the set criteria were identified.

For the biodiversity-sensitive and protected areas within the vicinity of Lenzing's operational sites (extending up to 10 km from the sites and 30 km downstream), there is no documented significant impact on the ecological status of these areas or on any threatened species attributable to Lenzing`s operations.

All Lenzing sites have operation permits issued by the competent authorities in charge of the region. These authorities connect to the competent authorities of the biodiversity-sensitive areas to monitor any significant negative effects on these areas and, if necessary, request mitigation measures. During the reporting period no biodiversity mitigation measures were necessary to be implemented.

Additionally, no material negative impact concerning desertification, soil sealing, and land degradation has been identified.

For detailed information on biodiversity-sensitive and protected areas in the proximity of Lenzing operational sites, please see the "List of Biodiversity Sensitive Areas" in the Annex.

[17] Guidance on the identification and assessment of nature-related issues: the LEAP approach – TNFD

## Impact, risk and opportunity management

[ESRS E4 ESRS 2 IRO-1; GRI 304-2]

### Assessment: the state of Lenzing's influence and dependencies on biodiversity and ecosystems

For a description of the assessment of the resilience of its business model and strategy, as well as the scope, key assumptions, time horizons, results and involvement of stakeholders, please the "Nature-related risk assessment according to TNFD" section in the "ESRS 2 General disclosures" chapter.

## Policies

[ESRS E4-2; GRI 3-3c]

**New Biodiversity Policy**

The new Biodiversity Policy that was adopted in 2024, addresses all identified material impacts, risks, and opportunities both within Lenzing's own operations and across its upstream value chain. The value chain aspects of the "Negative impact of Lenzing and its value chain by contributing to climate change and consequential biodiversity loss" are partly covered by the Biodiversity Policy within its sphere of influence.

The policy outlines the principles of Lenzing's biodiversity approach based on frameworks such as TNFD and SBTN. The goal is to transform the Lenzing Group into a nature-positive enterprise[18] by partnering within and beyond the value chain for systemic change. Lenzing Group is committed to high-level frameworks, most notably the Global Biodiversity Plan under the Kunming-Montreal Protocol, which aims to halt and reverse nature loss by 2030. In addition, Lenzing supports the global objectives outlined in frameworks such as the EU Green Deal and the EU Clean Industrial Deal. By engaging in knowledge-building, academic research and collaborative associations Lenzing aims to bring collective action for nature to life. The policy, approved by the members of the Managing board in 2024, applies to all consolidated subsidiaries and operational sites of the Lenzing Group. The policy was communicated to all site managers, who are the most senior level accountable for its implementation. As it is valid for all consolidated subsidiaries and operational sites, the policy also covers the operational sites owned, leased, or managed in or near a biodiversity-sensitive area. The full policy is available at Lenzing's website.

Lenzing's business model is based on the natural raw material wood, creating a material dependency on natural resources and primarily on forests. This dependency implies a responsibility to maintain healthy ecosystems and protect biodiversity and related ecosystem services. To identify, prioritize and manage impacts, risks and opportunities, impact drivers such as climate change, direct exploitation, invasive alien species, and change of land use, were assessed and taken into consideration when establishing the policy. For more information on the management and prioritization of impact drivers and the methods and processes used, please see the "Biodiversity Approach and Action Plan" section in this chapter.

To protect and enhance nature and ecosystems as well as to create positive effects on related communities, Lenzing is committed to promoting sustainable forest management with integrated biodiversity protection and a network of protected nature reserve areas for tree plantations, while respecting indigenous rights, especially land rights, where applicable.

Lenzing has pledged to implement several measures to avoid and reduce significant drivers of biodiversity loss in its sphere of influence. For climate change, this includes following a science-based climate action plan to significantly reduce GHG emissions by 2030 and having a net-zero goal (scope 1, 2 and 3) by 2050, as well as working on further reductions of process emissions at our sites. Complementing Lenzing's Water policy, the Biodiversity Policy addresses the active management of Lenzing's water footprint. Regarding direct exploitation, Lenzing is committed to sourcing wood and pulp from sustainably managed forests, which do not contribute to deforestation, as defined in the Wood and Pulp Policy. Finally, Lenzing avoids the introduction of invasive species and does not use genetically modified organisms in its operations.

The policy strengthens Lenzing's commitment to the protection, regeneration and restoration of ecosystems and making a positive impact on the supply chain and beyond. Lenzing engages in suitable projects for ecosystem regeneration and restoration, starting with the conservation of biodiversity-sensitive areas near operations or in sourcing areas. Additionally, to address impacts on the state of species, Lenzing is committed to managing ecosystems in its own planted forests in Brazil to maintain or enhance biodiversity conditions. This is demonstrated by regular monitoring and reporting of biodiversity status and gains or losses.

Traceability of raw materials, especially wood, is ensured by due diligence systems, Chain of Custody certifications and compliance with relevant regulations in the countries in which Lenzing operates. Lenzing is also preparing for upcoming regulations (e.g., the EU Deforestation Regulation).

The future Biodiversity Strategy will further explore both the social consequences of biodiversity loss and the social benefits of positive impacts on biodiversity and ecosystems. However, the social criteria of the forest certificates act as a starting point.

**Wood and Pulp Policy**

In its Wood and Pulp Policy, Lenzing is committed to procuring wood and dissolving wood pulp exclusively from non-controversial sources. The current version of the policy was approved by the Managing Board in 2022, and the Senior Vice President (SVP) Commercial Pulp, Biorefinery and Co-Products, Wood, is the most senior person accountable for its implementation across the organization. It is applicable to all Group companies and pulp and fiber production sites, especially regarding procurement from the upstream value chain. The Wood and Pulp Policy is available at Lenzing's website.

In order to protect the world's remaining ancient and endangered forests as well as the biodiversity and ecosystems' integrity within these forests, Lenzing is committed to avoiding the use of wood

[18] Nature Positive - World Business Council for Sustainable Development (WBCSD)

and pulp containing wood sourced from regions such as the Canadian and Russian Boreal Forests, Coastal Temperate Rainforests, tropical forests and peatlands of Indonesia, the Amazon and West Africa. Lenzing states in its Wood and Pulp Policy that it does not procure wood from plantations established after 1994 through the significant conversion of natural forests, wood derived from conversions to non-forest use or through forestry operations introducing genetically modified organisms. Lenzing also avoids procuring wood from illegal logging or from the trade in illegal wood or forest products.

Lenzing operates its own internal due diligence mechanisms, which include region-specific evaluations on site and stakeholder involvement. This is complemented by a variety of certification schemes, such as FSC® and PEFC. Together with national laws and the Lenzing Code of Conduct, they also ensure that Lenzing only works with suppliers who comply with traditional, community and human rights as well as the core conventions of the International Labour Organization (ILO) as set out in the ILO Declaration on Fundamental Principles and Rights at Work.

Regular risk assessments, the implementation of metrics, audits and on-site visits, and independent third-party certification of sustainable forest management programs ensure compliance with the policy and Lenzing's commitment to no deforestation. If Lenzing discovers that it has sourced wood or dissolving wood pulp from controversial sources, it will first engage with its supplier to encourage practices consistent with the policy and if the response is unsatisfactory, the supplier will be removed from Lenzing's supply chain with a reasonable lead time. Three suppliers were delisted in 2020, compared to one in 2021 and none since 2022.

Lenzing strives to establish and maintain long-term partnerships with its wood and pulp suppliers, and seeks to do business personally and directly with forest owners and pulp producers. This improves insight into and control of its supply chain, while supporting the traceability of raw materials and the monitoring of potential impacts on biodiversity and ecosystems.

The Lenzing Group's Wood and Pulp Policy covers the following impacts, risks and opportunities as well as their upstream value chain aspects: Risk of wood scarcity & high wood prices resulting from biodiversity loss; Positive impact on biodiversity by sustainable wood sourcing and engagement in afforestation projects; Potential negative impact on ecosystems due to suppliers potentially performing land-use change; Opportunity through positive positioning with best practice wood sourcing from sustainably managed forests and plantations; Negative impact on threatened species in case of a lack of monitoring and management; Potential negative impact on ecosystem services due to impacts on biodiversity.

### Sustainability Policy

Lenzing's Sustainability Policy addresses the negative impact of Lenzing and its value chain on climate change and biodiversity loss by promoting decarbonization across its entire value chain and supporting the conservation of natural resources, energy and biodiversity. For more information on the ESRS 2 MDR-P of the Sustainability Policy, please see the "Sustainability Strategy" section of the "ESRS 2 General disclosures" chapter.

## Actions

[ESRS E4-3; GRI 3-3d]

A summary of the "Actions taken" can be found in the management approach at the beginning of this chapter.

In the presentation of Lenzing's actions relating to biodiversity and ecosystems, the AR3T framework (Avoid, Reduce, Restore, Regenerate, Transform) is considered a useful sorting scheme that was developed on the basis of the mitigation hierarchy, as set out in the International Financial Corporation's Performance Standard 6. The following describes how Lenzing implements this framework within its own sphere of influence. While Lenzing supports several restoration and regeneration projects across the world, within and outside of its value chain, it does not make use of biodiversity offsetting. Stakeholder engagement takes place, at present, local and indigenous knowledge of nature-based solutions and other relevant perspectives has not yet been integrated into internal processes.

### Avoid: Biodiversity due diligence via sustainable sourcing

Wood and dissolving wood pulp are Lenzing's most important raw materials. The Lenzing Group assumes responsibility by continually focusing on sustainable sourcing. Lenzing only sources wood and dissolving wood pulp from semi-natural forests and plantations (as defined by the Food and Agriculture Organization of the United Nations[19]). Moreover, it does not source materials from natural or ancient and endangered forests. These actions address Lenzing's material impacts on forest ecosystems and biodiversity as well as the risk of wood scarcity and high wood prices as a result of biodiversity loss, and the opportunity for positive positioning due to best practice wood sourcing from sustainably managed forests and plantations.

#### Forest certificates

Lenzing's wood procurement management system ensures that all wood is sourced from legal and sustainably managed sources. Lenzing demonstrates that wood sourcing continuously complies with its high standards through verification based on FSC® and PEFC certification systems. All wood and dissolving wood pulp used by the Lenzing Group is either certified by FSC® or PEFC or controlled in line with these standards (see figures 19, 20 and 21 in the "G1 Business conduct" chapter). This is a continuous process where internal and external audits are conducted annually. Chain of Custody certificates apply to all Lenzing production sites and Lenzing's own plantations are covered by the forest certificates. FSC® certification for the Brazilian site in Indianópolis (plantation: FSC-C165948; site: FSC-C175509) also ensures that core labor requirements according to the International Labour Organization (ILO) Core Conventions and the ILO Declaration are met.

[19] Carle, J., and Holmgren, P. (2003). Working paper 79. Definitions Related to Planted Forests. In: Food and Agriculture Organization of the United Nations (2003). Forest Resources Assessment Program Working paper series. Available at: https://www.fao.org/forestry-fao/25853-0d4f50dd8626f4bd6248009fc68f892fb.pdf

The forest certificates held by the Lenzing Group cover general criteria for biodiversity and forest ecosystem protection according to international standards. Additional criteria can be found in the national standards, which vary between countries. For example, the percentage of area set aside for conservation varies between countries and even regions within countries.

For details of wood and pulp certification and due diligence, see the “G1 Business conduct” chapter.

## Reduce: Circular economy approaches and climate targets

These actions address impacts on climate change as a driver of biodiversity loss impacts. The aim is to use fewer inputs from natural resources, and to minimize the impact of GHG emissions and pollution.

**Pollution prevention**
In accordance with the strategic focus area of “Greening the value chain”, the Lenzing Group has targets and ongoing programs in place to reduce emissions (including GHG emissions) affecting water and air. This is achieved by investing in cleaner energy or creating closed loop cycles e.g. for chemicals. For more information, please see the “E1 Climate change” and “E2 Pollution” chapters.

**Resource use**
[resource use in connection to biodiversity GRI 3-3d only]

Lenzing is committed to the cascading use of wood. This means that different qualities of wood are utilized for different applications according to the hierarchy of their value. Lenzing uses timber generated from small trees through thinning, and from parts of large trees, that are unsuitable for high-grade products, such as furniture or construction. Furthermore, wood chips that are a by-product of sawmills are also used. Thanks to these continuous efforts, Lenzing aims to use wood mindfully and minimize inputs from natural resources.

Lenzing’s biorefineries continuously produce dissolving wood pulp as the main product, as well as several biorefinery and co-products and renewable energy. This results in 100 percent utilization of wood.

Recycling of cellulose textiles into new fibers can reduce certain pressures on ecosystems such as land and water use, and is therefore higher on Lenzing’s innovation agenda. The REFIBRA™ process has previously been developed to recycle cotton into lyocell or viscose fibers and Lenzing’s R&D works on continuously improving the technology. Industrial upscaling of the process continues even though the market environment for recycling textiles is difficult.

For details, please see the “Responsible production” focus paper and the “E5 Resource use and circular economy” chapter.

## Conservation, afforestation, restoration and reforestation

Lenzing takes conservation measures within LD Celulose’s plantations. These measures address impacts on ecosystem services, the state of endangered or threatened species in plantations and forests, and the (accidental) introduction of invasive alien species by transporting of wood. Lenzing’s plantation in Brazil is managed by LD Celulose and contains a conservation area that is dedicated to biodiversity protection. Biodiversity and ecosystem monitoring of flora and fauna occurs annually or twice per year and covers the entire area of the plantation. For more information, please see “Conservation within LD Celulose’s plantations” in the “Impact, risk and opportunity management” section of this chapter.

Lenzing also supports several conservation, restoration, reforestation and afforestation projects and solutions, both in its supply chain and in regions that are not related to its own supply chain, such as afforestation in Albania, DR Congo and the USA. By taking action and supporting such conservation and afforestation projects, Lenzing addresses impacts on the state of the species, the global species extinction risks, ecosystem services as well as changes in land use and climate change as drivers of biodiversity loss.

For more information on the following projects, please see the “Restoration and reforestation” section in this chapter.

- Innovation for people: Reducing the carbon footprint, protecting forests and improving the lives of rural communities that are vulnerable to the effects of the climate crisis
- Maintenance and support of ecosystem services in Austria
- Albania and West Balkans/Drin River Valley

For more information on further projects, please see the “Fiber brand-related climate protection, forest protection and afforestation projects 2024” section.

For more information on the projects listed below, please see the “Biodiversity and ecosystems stakeholder engagement” section of this chapter.

- Wood K Plus
- Sustainable Agriculture & Agroforestry in Tanzania (ICEP Project Lenzing Tanzania)
- In the Ruvubu National Park (Burundi), reduction of utilization pressure and reforestation with native trees to restore the natural ecosystem and contribute to climate protection (Caritas Steiermark/ODAG-Caritas Gitega/Burundi/University of Burundi)
- Fashion Forest Afforestation Project

For more information on actions in relation to the “Negative impact of Lenzing and its value chain by contributing to climate change and consequential biodiversity loss”, please see the “Climate action plan” section in the “E1 Climate change” chapter.

**AR3T Framework of actions for nature, from SBTN (2020)[a]** Table 40

| | |
|---|---|
| **Avoid** | |
| Prevent impact from happening in the first place: prevent the impact entirely | |
| **Reduce** | |
| Minimize impacts, but without necessarily eliminating them | |
| **Restore** | |
| Initiate or accelerate the recovery of an ecosystem with respect to its health, integrity, and sustainability, with a focus on permanent changes in its state | |
| **Regenerate** | |
| Take measures designed to increase the biophysical function and/or ecological productivity of an ecosystem or its components within existing land uses, often with a focus on a few of nature's specific contributions to people (e.g. regenerative agriculture often focuses on carbon sequestration, food production, and nitrogen and phosphorus retention) | |
| **Transform** | |
| Take measures contributing to system-wide change, notably to alter the drivers of nature loss, e.g. through technological, economic, institutional, and social factors and changes in underlying values and behaviors | |

a) Science-based targets for nature. Initial guidance for businesses. 2020

## Lenzing's biodiversity targets

[ESRS E4-4; GRI 3-3e]

See "Sustainability targets" in the management approach at the beginning of this chapter. All of Lenzing's sustainability targets and the process of setting and monitoring (ESRS 2 MDR-T 80g, 80j) can be found in the "Sustainability targets, measures and progress" section in the "ESRS 2 General disclosures" chapter.

| **Conservation project Albania** | **To implement a conservation solution of 20 ha in Albania in combination with a social impact project by 2024** | |
|---|---|---|
| Measure(s) | Lenzing reforests 20 ha of degraded land in Albania | 2024 Achieved |
| | Lenzing establishes a training center for local communities in Albania | 2024 Achieved |
| | Lenzing supports interdisciplinary vocational trainings and school partnerships in Albania | Yearly Achieved |
| Progress made in 2024 | In 2023, the scope of the project was significantly expanded to other countries in the Western Balcan region to include Kosovo, North Macedonia and Montenegro. This expansion was funded by Austrian Development Agency (ADA) and Lenzing, and is coordinated by Inspiring Cooperation Empowering People (ICEP). All further measures are at the discretion of the project owner (ICEP); Lenzing has completed and fulfilled all planned measures. | |

| **Conservation area Brazil** | **To implement conservation solutions on 20,000 ha at the new pulp mill in Indianópolis (Brazil) by 2030** | 2030 Achieved |
|---|---|---|
| Measure(s) | Lenzing increases the protected area at the site in Indianópolis (Brazil) from 13,000 ha to 20,000 ha | 2030 Achieved |
| Progress made in 2024 | Lenzing achieved the original goal of 15.000 ha in 2022 and increased the total conservation area in Brazil even further than the target, to more than 20,000 ha in 2024. In 2024 the target ambition and measure was increased to 20,000 ha. | |

| **Conservation projects** | **To engage in further conservation, biodiversity protection and restoration activities in regions where forests are at risk or should be improved by 2025** | 2025 On track |
|---|---|---|
| Progress made in 2024 | Lenzing supported several projects outside of its value chain in 2024 such as a project in Austria for the restoration and protection of moorland and peat bogs, and projects for forest conservation through social impact in DR Congo, Burundi and Tanzania. For a detailed description of all projects, please see the "E4 Biodiversity and ecosystems" chapter. | |

As previously mentioned, Lenzing uses the AR3T framework as a reference for describing its actions. All three "Conservation" targets are in line with the comprehensive and systematic approach to biodiversity and ecosystems, which has been pursued by the Lenzing Group. Table 41 shows the targets across different layers of the mitigation hierarchy. In setting the "Conservation" targets, ecological thresholds, allocations of impacts to the undertaking or biodiversity offsets were not applied, nor are they aligned with the Kunming-Montreal Global Biodiversity Framework or the EU Biodiversity Strategy for 2030. However, the development of a new biodiversity strategy is in progress, and has achieved an initial result in the form of the Biodiversity Approach and Action Plan, which incorporates such frameworks and initiatives to ensure that future targets are even more comprehensive and in alignment with global biodiversity and ecosystem conservation efforts. Several targets have been derived from the Lenzing sustainability strategy and the corporate "Better Growth" strategy, containing elements that positively influence biodiversity and ecosystem services or nature's contributions to people. All three "Conservation" targets contribute to reducing the risk of species extinction by preserving habitats and maintaining ecosystems services through responsible forest management and protection. All three targets relate to the Biodiversity Policy. The conservation target in Brazil additionally relates to the Water Policy and Wood and Pulp Policy.

Lenzing set the “Conservation project Albania” target for the first time in 2017 (baseline year), with the baseline value being zero (baseline value). For more information on the scope of the “Conservation project Albania”, please see the “Albania and West Balkans / Drin River valley” section below in this chapter. The “Conservation project Albania” target covers the “Positive impact on biodiversity by sustainable wood sourcing and engagement in afforestation projects“.

The “Conservation area Brazil” target of implementing conservation solutions on 15,000 hectares at the pulp mill in Indianópolis (Brazil) was set for the first time in 2020 (baseline year), from the baseline value of 13,000 hectares of protected land in Brazil under Lenzing’s responsibility in that year. Additionally, the “Conservation project” target of engaging in further conservation, biodiversity protection, and restoration activities was set for the first time in 2020 (baseline year). The “Conservation area Brazil” target covers the “positive impact on biodiversity by sustainable wood sourcing and engagement in afforestation projects" and the “Negative impact on threatened species in case of a lack of monitoring and management“.

The Inspiring Cooperation Empowering People (ICEP), the Austrian Federal Forests (ÖBf), the Canopy Initiative and the Umweltdachverband were instrumental stakeholders in setting the targets through ongoing dialog and consultation. CDP serves as the reporting platform regarding these topics. Internal stakeholders such as the Wood and Pulp Team and the Commercial Team, alongside the Corporate Sustainability Team, also played a crucial role in establishing these targets.

The “Conservation projects” target does not have a quantitative metric connected to it. Nevertheless, it contributes to addressing the “Risk of wood scarcity & high wood prices resulting from biodiversity loss“, the “Potential negative impact on ecosystem services due to impacts on biodiversity and the “Negative impact on threatened species in case of a lack of monitoring and management” by supporting conservation, biodiversity protection and restoration projects. The target is in line with the objectives of Lenzing’s Biodiversity Policy. Outcomes of the target-related actions are mostly assessed in a qualitative way and are also quantitatively measured to some extent. For more information on the projects, please see the project descriptions below in this chapter.

As Lenzing has achieved a fully deforestation-free supply chain and strives to maintain this status, no target has been set regarding the “Potential negative impact on ecosystems due to a potential change of land use by suppliers”.

The “Negative impact of Lenzing and its value chain by contribution to climate change and consequential biodiversity loss” is addressed by Lenzing’s science-based targets (SBTs) for 2030 and 2050. For more information on the SBTs, please see the “Metrics and targets” section of the “E1 Climate change” chapter.

For the “Opportunity through positive positioning with best practice wood sourcing from sustainably managed forests and plantations”, quantitative targets have been considered but have not yet been defined. Lenzing has no targets regarding the upstream value chain aspects of the “Positive impact on biodiversity by sustainable wood sourcing and engagement in afforestation projects”, but is considering options. However, several afforestation projects in excess of its own values were supported in recent years.

While Lenzing does not have quantitative targets regarding the “Potential negative impact on biodiversity introducing invasive alien species by wood transport”, Lenzing relies on targets set by its wood suppliers and national programs for its supply chain. For its own forest operations, actions are defined in the Forest Management Plan of LD Celulose (Brazil)[20] as well as LD Celulose’s Biodiversity Action Plan (not published yet) and are being implemented, with the objective of preventing any introduction of invasive alien species. The effectiveness of the measures is monitored with regard to the removal of exotic trees in conservation areas.

**SBTN’s framework for action and Lenzing’s approach** Table 41

| Category of action | Reference | Lenzing’s approach |
|---|---|---|
| Avoid | Wood and Pulp Policy | Lenzing explicitly commits to avoiding deforestation in the procurement criteria of the Wood and Pulp Policy |
| Reduce | “Textile recycling“ target | To offer viscose, modal and lyocell staple fibers with up to 50 percent post-consumer recycled content on a commercial scale by 2025 |
| Restore | “Conservation project Albania“ target | To implement a conservation solution of 20 ha in Albania in combination with a social impact project by 2024 |
| | “Conservation area Brazil“ target | To implement conservation solutions on 15,000 ha at the new pulp mill in Indianópolis (Brazil) by 2030 |
| Regenerate & Transform | “Conservation projects“ target | To engage in further conservation, biodiversity protection and restoration activities in regions where forests are at risk or should be improved by 2025 |

[20] https://ldcelulose.com.br/fileadmin/user_upload/documentos/2000-1-pn-88-ldc-0001-01_resumo_publico_pmf.pdf

# Metrics for biodiversity and ecosystem enhancement within LD Celulose's plantations

[ESRS E4-5; GRI 304-2, 304-3]

The metrics in this section are not validated by an external body other than the assurance provider.

**Quantitative description of areas managed and influenced by LD Celulose (entity-specific disclosure)** Table 42

| | Changes 2024 compared to 2023 | | 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|---|---|
| | ha | % | ha | % | ha | % | ha | % |
| Total area | 3,708 | 4 | 93,908 | 100 | 90,200 | 100 | 78,640 | 100 |
| Forest/plantation area | 2,783 | 4 | 66,540 | 71 | 63,757 | 71 | 58,194 | 74 |
| Owned | - | - | - | | - | | – | |
| Leased/managed | 2,783 | 4 | 66,540 | 71 | 63,757 | 71 | 58,194 | 74 |
| Protected (related to GRI 304-3) | 3,096 | 16 | 22,980 | 24 | 19,884 | 22 | 17,065 | 22 |
| FSC® area | 547 | 1 | 48,155 | 51 | 47,608 | 53 | 47,608 | 60 |
| Infrastructure | −2,171 | −33 | 4,388 | 5 | 6,559 | 7 | 3,380 | 4 |

**Conservation within LD Celulose's plantations**

The main direct land use areas of the Lenzing Group are the plantations in Brazil (Indianópolis), currently covering a total of 93,908 hectares (939.08 km²). These areas were converted to agricultural land several decades ago. Large areas nearby are generally used for planting soy and coffee or grazing livestock. The species of trees within the plantation are eucalyptus. A breeding and cloning selections program is continuing to improve the yield and robustness of the trees. LD Celulose does not use genetically modified organisms (GMOs).

The plantations managed by LD Celulose operate fully in accordance with the guidelines and high standards of Lenzing for sourcing wood and pulp. During the planning, the intense utilization of wood resources and the potential negative effects on biodiversity were part of the risk analysis. In order to avoid these potential risks, LD Celulose works with conservation programs and also follows the FSC® standards.

Regarding changes to land use, there was no conversion of primary forests, other naturally regenerating (second growth) forests, savannahs, grasslands or freshwater natural ecosystems to other land uses. However, in 2024, 55 hectares of degraded former agricultural grassland were converted to forest plantations.

Brazilian environmental law determines the maintenance of Permanent Preservation Areas (APPs) and Legal Reserve (LR) areas. APPs include specific types of vegetation, such as ciliary forests, vegetation adjacent to watercourses, and vegetation on slopes. Legal Reserve areas meet the obligation to preserve at least 20 percent of property in a rural area. At the moment, 22,980 hectares of land used by LD Celulose are protected areas (table 42).

This action addresses impacts on ecosystem services, the state of endangered or threatened species on plantations and forests, and the (accidental) introduction of invasive alien species by transport of wood. The plantation managed by LD Celulose contains a conservation area that is dedicated to biodiversity protection in accordance with legal requirements and FSC® standards, known as a High Conservation Value Area (HCVA). LD Celulose's forestry unit is supervised by ecology and environmental specialists, who were also responsible for identifying the HCVA. The area contains *Pseudopaludicola facureae*, a species of frog found only in this region of Minas Gerais. This means that a higher level of monitoring is necessary as well as extra precautions for fire protection. Monitoring of flora and fauna occurs annually or twice per year and covers the entire area of the plantation. It is a metric for LD Celulose to protect endemic species and their habitat. The forestry unit constantly strives to identify any areas that need to be classified as HCVA to ensure the protection of animal and plant species. For more information, please see the "Biodiversity and ecosystems" focus paper.

The biodiversity-sensitive area and conservation unit of Parque Estadual do Páu Furado is outside the managed areas, but in proximity to LD Celulose at approximately 30 kilometres away from the LD Celulose plantation. At this distance, the conservation unit is not impacted by LD Celulose's activities. The plantation is roughly 800 kilometers away from the Amazonas.

In the responsible management of both plantation and conservation areas that is practiced by LD Celulose, techniques are employed that aim to protect biodiversity as well as soil and water quality. Examples of these measures are:

- **Minimum cultivation**: For soil conservation, LD Celulose uses the minimum cultivation technique, which consists of keeping the remaining plant material at the harvest site to form layers of soil protection and ensure the cycling of nutrients.
- **Nutritional recommendation:** LD Celulose performs soil analyses to determine the requisite fertilizer recommendation for maintaining soil fertility.

- **Habitat connectivity:** To improve the connectivity of the Permanent Preservation Areas and Legal Reserves, LD Celulose carries out mosaic planting, establishing ecological corridors that aim to connect fragments of native forest. This connectivity allows animals and plants to migrate between different conservation areas, so that different populations can mate and preserve the genetic diversity. This measure is a voluntary activity beyond the legal and certification-related requirements.
- **Preservation and monitoring of riparian forests**: These forest areas along waterways contribute to the maintenance of water quality and the quantity of water available. They retain sediments and nutrients carried by the rain, preventing water pollution and silting in bodies of water. In Brazilian legislation, riparian forests are protected as they are considered Permanent Preservation Areas. LD Celulose defines all Permanent Preservation Areas in its forest management units and monitors these riparian forests.
- **Managing invasive species and pests**: The Forest Management Plan has been reviewed to establish concrete measures to address pest management and the risk of eucalyptus dispersion in natural vegetation areas.

**Monitoring of biodiversity and ecosystems**

Attempts to quantify impacts from land use on biodiversity usually consist of two components: the quantity of land (forest) area used and the intensity of use.

The land area of plantations managed by LD Celulose in Brazil is recorded in exact measurements (table 42). The estimation of the other land area used for Lenzing's wood sourcing is part of the initiated "Biodiversity concept" project. Variations in data availability and data quality can arise depending on the forest type, land ownership, sourcing area and supply chain position (wood or pulp sourcing for Lenzing) (table 43). Initial attempts to estimate forest area use for direct wood supply to Lenzing's European pulp mills began in 2023. As the work is still ongoing, no results can be shared at present.

Land use intensity influences the biodiversity and ecosystem status. In the Lenzing Group, this is monitored in the global regions via two different approaches, as explained below. Pulp suppliers apply their own monitoring schemes.

In Europe, the forest biodiversity and ecosystem status is monitored at the national level according to the Forest Europe criteria. Results are published regularly in the European overview[21], and in the national reports. For the top four sourcing countries of Austria, the Czech Republic, Germany, and Slovakia, please see the reports in the reference [22].

The pulp mill in Brazil is supplied with wood from plantations that are owned and maintained by LD Celulose, which is also responsible for monitoring. To ensure that the plantation management maintains compliance with the requirements of the Brazilian Forest Code, LD Celulose has a framework of internal and external processes. There are ongoing biodiversity monitoring projects in which data on local biodiversity and the potential expansion of invasive species is monitored. The internal GIS (Geographic Information System) team collects satellite imagery on an annual basis and evaluates the location, size and status of the Legal Reserve areas (LRs) and Permanent Preservation Areas (APPs) on the managed land. The data is also provided to the field teams in the form of maps. Furthermore, periodic field audits by internal environmental specialists ensure that the quality of LRs and APPs is maintained.

Dexco started its biodiversity research projects in its managed areas in the 1970s. LD Celulose has continued to monitor flora and fauna in the areas that have remained under its management and those directly influenced by the mill site through partnerships with universities[23], in addition to internal programs. These programs are carried out annually in the dry and rainy seasons and aim to monitor possible impacts on local biodiversity. These programs are also required by the Brazilian environmental agency.

Approximately 200 species of flora and 450 species of fauna were identified in the forest management units of LD Celulose. Among these species, the presence of animals such as the maned wolf and the giant anteater, which are characteristic of the region, is particularly noteworthy. No significant reduction in species has been registered at LD Celulose's plantation since these consistent monitoring efforts began (the first report was in December 2020).

**Quantity of forest area used for Lenzing's wood and pulp sourcing: Data availability and quality**

Table 43

| Lenzing sources | Forest type | Land use intensity | Data/estimates | (Expected) data quality |
|---|---|---|---|---|
| Wood | Plantation | High | Known (see "Quantitative description of area managed and influenced by LD Celulose") | High |
| Wood | Semi-natural | Low to medium | Estimates needed based on regional statistical data | Medium |
| Pulp (pulp supplier sources wood) | Plantation | High | Estimates possible | Medium |
| Pulp (pulp supplier sources wood) | Semi-natural | Low to medium | Rough estimates | Low |

[21] Forest Europe 2015, and 2020: State of Europe's Forest 2015. Ministerial Conference on the Protection of Forests in Europe, June 2016., and 2020, State of Europe´s Forest 2020. https://foresteurope.org/publications/

[22] Indicators of sustainable forest management in Austria reports from 2017 and 2020. https://info.bmlrt.gv.at/themen/wald/walddialog/dokumente.html, Czech Republic and Slovakia forest reports: Ministry of Agriculture of the Czech Republic, Information on Forests and Forestry in the Czech Republic by 2017 (English), Zpráva o stavu lesa a lesního hospodářství České republiky v roce 2020 (Czech). Ministry of Agriculture and Rural Development of the Slovak Republic, Report on the Forest Sector of the Slovak Republic 2020.

[23] Duratex Annual Report 2018. Available at: https://www.dex.co/noticias/duratex-divulga-relatorio-anual-2018/

### Metrics for nature-related assessment - Taskforce on Nature-related Financial Disclosures (TNFD)

Metrics and indicators recommended by TNFD were assessed for the Lenzing Group for the first time in 2024 and can be found on the Lenzing report website. Disclosures for the entire Lenzing Group focus on the drivers of change in nature, including climate change, change of land/freshwater use, pollution, and resource use. More detailed state of nature indicators are provided in a separate table for Lenzing's own forest operations.

Interfaces to nature were located at the production sites, in Lenzing's own forest plantations, and in the sourcing of wood and pulp. Dependencies as well as potential negative and positive impacts were identified and assessed. The TNFD annex of the 2024 Sustainability Report mainly comprises nature-related disclosures. Climate-related information according to TCFD is available in the Climate chapter of the report, as well as in other disclosures in the respective chapters of the report.

Table 44

| Metric categories disclosed, according to TNFD additional sector guidance: forestry, pulp and paper | Remark |
|---|---|
| Land/ freshwater/(ocean) use change | Including land use |
| Pollution/pollution removal | Reference to Pollution chapter in Report |
| Resource use /replenishment | Reference to Water chapter in report |
| Climate change | Reference to Climate chapter in Report |
| State of nature | Including indicators from Forest Europe |
| Response | Primarily forest certifications |

## Restoration and reforestation

Lenzing supports conservation solutions in other regions not related to its own supply chain, such as afforestation in Albania, DR Congo and the USA. Additionally, Lenzing is committed to addressing the protection of ancient and endangered forests in Canada (Broadback Forest Quebec, Vancouver Island) and Indonesia (Leuser Ecosystem) at the political level. By taking action and supporting such conservation and afforestation projects, Lenzing addresses impacts on the state of the species, global species extinction risks, ecosystem services as well as changes in land use and climate change as drivers of biodiversity loss. In 2023, Lenzing signed the "World's MMCF Producers Call on the Convention of Biological Diversity to support conserving at least 30 percent of the world's forests by 2030" letter that was prepared for the COP15 to the Convention on Biological Diversity (Montreal).

In 2024, Lenzing supported the Business Statement by Business for Nature for the COP16 to the Convention on Biological Diversity in Colombia (October 2024), urging political leaders to support the "renewed ambition to implement the Biodiversity Plan (Global Biodiversity Framework) according to the Kunming-Montreal Protocol and halt and reverse nature loss this decade"[24].

Lenzing has set itself the target of engaging in further conservation, biodiversity and restoration activities in regions where forests are at risk ("Conservation projects" target). To make further progress in meeting this target, in 2022 Lenzing defined ways of identifying projects, to which it aims to contribute:

- Identify requirements from CDP and Canopy
- Identify potential partners in the market with experience and a broad network for a successful partnership
- Identify how other players in the market are tackling the biodiversity issue

Lenzing aligned the projects identified in 2024 with CDP, Canopy and ÖBf.

**Innovation for people: Reducing the carbon footprint, protecting forests and improving the lives of rural communities that are vulnerable to the effects of the climate crisis**

This pilot project in the Luozi Region of the Democratic Republic of Congo, which was implemented by Caritas Upper Austria and co-funded by Lenzing, combines both social and environmental components in a holistic approach to sustainably protect the environment, reduce $CO_2$ emissions and improve the lives of vulnerable children and families in one of the poorest countries in the world. In this research project, $CO_2$ is set to be reduced by means of innovative products, such as agricultural waste-based charcoal and energy-saving stoves. Using this alternative charcoal reduces the need for harvesting wood from the forests. In addition, income-generating activities will provide alternatives for small-scale farmers so that they no longer have to produce and sell wooden charcoal. Ecological and smart integrated agricultural activities, such as combining agroforestry with beekeeping, will increase the income of smallholders, improve soil fertility and reduce deforestation. Accompanying advocacy and education measures are carried out to minimize slash-and-burn agriculture and improve forest protection. The project started in October 2023, and will be implemented in the 2023-2026 period.

**Maintenance and support of ecosystem services in Austria**

Since 2023, Lenzing has actively engaged in the maintenance and support of ecosystem services that are provided by the forests of its wood suppliers. This is related to the risk of "wood scarcity and resultant high wood prices", and is approached through a collaboration with Österreichische Bundesforste AG (ÖBf, Austrian Federal Forests). The primary aim of the current collaboration is to improve or maintain the ecosystem services provided by forests. For example, in 2023 Lenzing supported the planting of 200 bee and pollinator friendly shrubs along a forest trail spanning approximately one kilometer. This activity counteracts the decline in pollinators by restoring their habitats which are increasingly affected by intensive agriculture and pesticide use.

In 2024, Lenzing and ÖBf agreed on an action plan for engagement on peat bog protection and maintenance in the region Ausseerland region in Styria (Austria). Management activities started in autumn

[24] https://www.businessfornature.org/business-statement

2024. Wet meadows with exceptionally high biodiversity and ponds for amphibians are being restored.

**Albania and West Balkans/Drin River Valley**
A forest conservation and social impact project in Albania managed by the Austrian Development NGO ICEP, and funded by ADA (Austrian Development Agency) and the Lenzing Group was implemented from 2019 to 2024. The original aim was to support the development of rural areas in Albania in the broader region of Shkodër (Ana e Malit) and Dibër (Peshkopi) by using natural resources sustainably, including conservation solutions across an area of 20 hectares, as well as training and social impact programs.

In 2023, the scope of the project was significantly extended to include neighboring countries, and the expanded project will continue beyond 2024. The transboundary catchment area of the Drin River includes the countries of Albania, Kosovo, North Macedonia and Montenegro. This area consists of large forest and pasture areas, rich biodiversity ecosystems and is one of the most water-rich areas in Europe in terms of freshwater ecosystems. Over the last three decades, the forest area in the four target countries along the river basin has been heavily exploited and is under threat due to increased illegal logging activities and the consequences of climate change.

The long-term impact of the project is to contribute to climate change mitigation and sustainable development along the Drin River through strengthened integrated forest management (IFM). Afforestation of 45 hectares of degraded land and the restoration of an additional 75 hectares is planned in the area, including 110,000 trees to be planted. Through the defined measures, the living conditions of rural communities in the target areas will be improved through enhanced ecosystem services.

The project applies a multi-stakeholder approach, integrating national and international experts as well as local communities, central and local authorities, and on-going initiatives.

Achievements in 2024

- 13 hectares were afforested
- 8 hectares were regenerated
- 20,037 trees were planted
- 70 local forest workers were employed and educated in reforestation and the use of machinery
- 11 forest action plans of local municipalities were elaborated/revised
- 1 regional conference on Integrated Forest Management was held involving 73 participants from public administration, ministries, universities, public and private forestry companies etc.
- 5 IFM training sessions were conducted with a total of 59 participants
- EUR 50,000 in eco-tourism grants were given to qualified local entrepreneurs in North Macedonia
- 1 gender analysis was conducted and an action plan was implemented

**Fiber brand-related climate protection, forest protection and afforestation projects in 2024**
Lenzing has launched additional low-carbon TENCEL™ and VEOCEL™ branded lyocell and TENCEL™ branded modal fibers for applications in the textile and nonwoven industry. Based on the concept of reduce-engage-offset, Lenzing has focused on low carbon emissions through various reduction actions and has balanced the remaining carbon emissions of these fibers through carbon compensation projects. The new fibers are certified by ClimatePartner in accordance with the Greenhouse Gas Protocol, the leading global framework for measuring carbon emissions. All selected and supported climate and forest protection and afforestation projects are certified according to Gold Standard VER or Verified Carbon Standard.

For details of the projects supported by Lenzing in 2022-2024, please see the following ClimatePartner ID Tracking pages:

- ClimatePartner projects/TENCEL™ branded fibers
- ClimatePartner projects/VEOCEL™ branded fibers

For 2024/2025, Lenzing will continue to support, and use offset credits from a broad mix of projects such as:

1. Wind energy in Thailand/West Huaybong
2. Geothermal energy in China/Changdao
3. Solar energy in India/UP, Karnataka & Maharashtra
4. Biogas in India/Punjab
5. Afforestation in China/Anlong
6. Forest protection in Brazil/Lábrea

The acquired credits will be retired according to the consumption in each year. Note that these are all climate credits, not biodiversity credits. The action is connected directly with biodiversity through the projects mentioned under points 5 and 6. The other projects contribute positively in an indirect way to the topic of biodiversity.

## Biodiversity and ecosystems stakeholder engagement

[ESRS 2 MDR-A; GRI 3-3f, 304-3]

**Wood K Plus**
Many Austrian companies, including Lenzing, and scientific bodies have joined forces as "Kompetenzzentrum Holz". This is a leading research institution in wood and wood-related renewable resources in Europe. Recent topics addressed by the competence center include advanced biomass utilization (e.g. via closing loops in pulp production), lignin and hemicellulose utilization, or the use of enzymes in the production process. One work stream of Wood K Plus for Lenzing is sustainability in wood sourcing. In 2021, the focus shifted to biodiversity, including support for the work for the Textile Exchange Biodiversity Benchmark. In 2023, a doctoral study began on the topic of biodiversity metrics for the assessment of corporate impacts and dependencies. A review paper on the methodologies suggested by SBTN for the "Assess" and "Interpret and prioritize" steps was submitted in 2024 (publication pending). As a result of this cooperation, feedback on guidance documents and tools was also given regarding TNFD sector guidance: the draft of the Nature Metrics tool by the Forest Solutions Group of WBCSD, and the "Business and Biodiversity Assessment" by IPBES. This work is supporting the development of Lenzing's biodiversity strategy, especially the selection of appropriate indicators for drivers of change in nature and the state of nature.

**Morgan Stanley Capital International (MSCI)**
Lenzing was awarded "AA" rating in the 2023 MSCI ratings. In accordance with its commitment, the company has donated the 2024 MSCI/green bond savings to forest conservation projects of non-profit organizations. In the 2024 rating awards, Lenzing received a lower rating of "A". This is not due to decreased sustainability performance, but a reclassification to a different industry that Lenzing is compared to.

Lenzing decided to partner with ICEP/SAT Sustainable Agriculture Tanzania and Caritas Steiermark/ODAG- Caritas Gitega/Burundi/University of Burundi to finance two separate projects:

**Sustainable Agriculture & Agroforestry in Tanzania (ICEP Project Lenzing Tanzania)**
According to the UN Food and Agriculture Organization, Tanzania lost nearly 470,000 hectares of forest per year between 2015 and 2020. Deforestation in Tanzania has hugely negative impacts on biodiversity, soil erosion, agricultural productivity, water cycles and droughts. Additionally, deforestation drives the extinction of species through a loss of habitat. Through the project with Sustainable Agriculture Tanzania, small-scale farmers in the region of Morogoro and the Uluguru Mountains Nature Forest Reserve will receive support in planting various trees (indigenous and native trees, spice and fruit trees), food forests and spice farms. The project will have a positive impact on the environment, biodiversity preservation, water cycle stabilization, soil erosion, and local communities. The initiative aligns with Lenzing's commitments to sustainability, as well as its efforts to contribute to biodiversity, reforestation and ecosystem conservation through partnerships. The project is implemented by SAT and ICEP, with Lenzing assuming a financing role within the period of 2024 to 2025.

**Ruvubu National Park in Burundi: Reduction of utilization pressure and reforestation with native trees to restore the natural ecosystem and contribute to climate protection (Caritas Steiermark/ODAG-Caritas Gitega/Burundi/University of Burundi)**
Within the period of 2024 to end 2026, the project aims to improve the environmental situation in the Ruvubu National Park by controlling bush fires, reducing illegal logging, and poaching etc. Additionally, the project will raise awareness about the preservation of the environment of the Ruvubu National Park and improve the livelihood of the local population. The project is providing a wide range of training to the local farming families in the Mutumba and Nyabikere communities. The training sessions focus on the innovative and sustainable use of forest ecosystems (e.g., beekeeping, mushroom cultivation etc.), the establishment of tree nurseries with indigenous tree species, and sustainable farming techniques. In addition, the project centres on reforestation involving native tree species to help restore the forest in the Ruvubu National Park. So far, the project has already led to more sustainable use of the Ruvubu National Park by raising awareness in the local population. The initiative aligns with Lenzing's commitments to sustainability, as well as its efforts to contribute to biodiversity, reforestation and ecosystem conservation through partnerships. The project is implemented by Caritas Steiermark/ODAG-Caritas Gitega/Burundi/University of Burundi), with Lenzing assuming a financial role.

**Fashion Forest Afforestation Project**
Lenzing Fiber (Shanghai) Co., Ltd. (LFS) collaborates with the China National Textile and Apparel Council (CNTAC) and China Green Carbon Foundation (CGCF) on the Fashion Forest – Ecologic Carbon Neutral Forest project in Suochong Village, Sangdui Township, Daocheng County, Sichuan Province. The project explores spruce afforestation to demonstrate the restoration of a high-altitude forest ecosystem. The afforestation work is being carried out by the Daocheng County Ganzi Tibetan Autonomous Prefecture Forestry and Grassland Bureau, with Lenzing providing a part of necessary funds. The project is set to run for a period of four years after officially starting in 2025. A kick-off event took place in the 2024 reporting period.

The cooperation project involving Lenzing Shanghai, CNTAC and CGCF focuses on restoring the regional forest ecosystem, improving the structure of the regional ecosystem, increasing the quantity and quality of regional forest carbon sinks, and demonstrating and driving the participation of social capital in ecological protection and restoration. After the first phase of tree planting, Lenzing Shanghai will invite its partners to participate in forest protection activities and promote the textile value chain's involvement in biodiversity conservation. The project aims to artificially afforest 18 hectares, by planting some 35,000 Qinghai spruces.

Project implementation contributes to improving the capacity of local ecosystems and communities to adapt to climate change, enhancing residents' awareness of nature conservation, and providing local communities with increased employment opportunities in silviculture and conservation, as well as enhancing the skills of community residents in silviculture and forest conservation.

The initiative aligns with Lenzing's commitment to sustainability, the responsible sourcing of raw materials and its efforts to contribute to biodiversity and ecosystem conservation through partnerships with key stakeholders such as CNTAC.

[GRI 3-3f, 304-3]

**Conference of Parties 16 (COP16) on biodiversity and ecosystems (United Nations)**
Lenzing supported the general Business Statement by Business for Nature[25], and a letter from the Canopy Style initiative more specific to the cellulose fiber industry, that were addressed to the COP16 **to the Convention on Biological Diversity** in Colombia, October 2024. The statements intend to "show the growing support from the business community for ambitious nature policies and government leadership" (**Global Biodiversity Framework).**

**Austrian Federal Forests (Österreichische Bundesforste, ÖBf)**
One important wood supplier to the Lenzing site (Austria) is the state company Österreichische Bundesforste (ÖBf AG, Austrian Federal Forests). Managing 10 percent of the national territory and 15 percent of Austria's woodland, ÖBf is the largest ecosystem manager, forest managing company and owner of hunting and fishing licenses. Sustainability forms the guiding principle for all ÖBf activities. The Lenzing site pulp mill obtains more than 35 percent of its wood from Austrian forests and the state of these forests is especially important for its sourcing. In Austria, forest biodiversity

[25] https://www.businessfornature.org/cop16-business-statement

is monitored regularly according to a Biodiversity Index[26]. Recent outcomes are reported in the "Indicators of sustainable forest management 2020" [27] from the multi-stakeholder organization "Walddialog" as a contribution to the Forest Europe indicators and targets process. The ÖBf team for ecological landscape management is developing individual nature conservation plans for each of the 120 ÖBf forest units, in addition to the existing forest management plans[28]. For Lenzing's actions in cooperation with ÖBf, see the paragraph on the "Maintenance and support of eco-system services in Austria" action.

### Biodiversity and multifunctional forest management (BIMUWA)

A publicly funded research project entitled "Biodiversity and multifunctional forest management" (BIMUWA[29]) has developed specific measures to protect endangered species (red-list species) and increase biodiversity under local conditions of PEFC region 6 (located in the Austrian provinces of Styria and Carinthia), which are integrated into daily forest management work. ÖBf is cooperating with the NGO umbrella organization Umweltdachverband on this. As the measures are very concrete and easy to implement, positive effects can be scaled to large forest areas. In 2023, Lenzing supported the roll-out of the results to the interested private forest owners by presenting its view during the information events in the region. In 2024, Lenzing engaged in the dissemination of the results, and discussed options for follow-up work with stakeholders.

### Textile Exchange (TE) Biodiversity Benchmark

The Textile Exchange Biodiversity Benchmark was launched on December 2, 2020. The benchmark is part of the TE Corporate Fiber and Materials Benchmark (CFMB) Program and is connected to TE's "Climate+" strategy. The role of the benchmark is to address biodiversity loss and support improvements in the industry's sphere of influence through knowledge sharing. The methodology for companies to set targets for nature is being developed through the Science Based Targets Network (SBTN).

In 2021, Lenzing contributed as a member of the advisory group, providing input to the tool development and its own input to the benchmark. The "Biodiversity Insights Report 2021" provides "a first global baseline for the apparel and textile industry" regarding the awareness of its impacts on biodiversity. It describes approaches to actions in business integration, transparency, materiality, implementation, monitoring and evaluation, as well as corporate reporting. In 2022, the findings of this report were integrated into the CFMB program as a new chapter. In 2023, the "Biodiversity Landscape Analysis" report was published, with a focus on natural fibers from plants (cotton) and animal hair (wool), and little information on regenerated cellulose fibers. In 2024, the findings are already integrated into the Materials Benchmark survey.

### Inspiring Cooperation Empowering People (ICEP)

Inspiring Cooperation Empowering People (ICEP) is an independent Austrian non-governmental organization (NGO) with a business-oriented focus. ICEP works with partner organizations in emerging markets as well as Austrian companies and implements projects worldwide aimed at getting more people actively involved in economic life. ICEP has supported Lenzing since 2018 in the implementation of an afforestation and conservation project in Albania that is co-financed with ADA. In 2024, a feasibility study for engagement in biodiversity improvement and social impact actions around the LD Celulose site in Indianópolis (Brazil) was performed and identified several options for projects, which are expected to start in 2025.

### WWF Austria

In 2023, Lenzing was invited to present at a WWF Climate Group Talks[30] event on "How to integrate biodiversity in your core business." Additionally, Lenzing contributed to a study by WWF and Ernst & Young entitled "Management in the biodiversity crisis – How Austrian companies minimize risks and seize opportunities"[31] (translated title, the study is in German language), that was published in 2024 and includes general insights as well as a case study. In 2024, Lenzing contributed to the WWF conference on "Economic factor biodiversity"[32] in Vienna by providing a presentation on the approach to biodiversity strategy development.

### Forest Europe, European and national forest strategies

The Forest Europe political process was initiated in 1990 by the Ministerial Conference on the Protection of Forests in Europe, which comprises 46 states, to promote sustainable forest management in Europe. A set of indicators grouped into six different criteria was developed to measure the sustainability performance of European forests and set targets for improvement[33]. Current efforts focus on climate change adaption[34], water protection, and biodiversity[35]. As a major buyer of wood in Europe, the Lenzing Group supports these targets, which aim to ensure the continued and improved function of forests in their ecosystems while maintaining the long-term availability of wood as a raw material.

### Forest Certification organizations

Lenzing is a member of the Forest Stewardship Council (FSC®), and a founding member of PEFC Austria.

### Taskforce on Nature-related Disclosures (TNFD)

TNFD was established to encourage and facilitate a shift in the mindset and behaviour of companies and financial institutions through enterprise and portfolio risk management as well as mainstream corporate reporting, with a special focus on nature-related dependencies, impacts, risks and opportunities. In December 2023, TNFD published two documents for public comments that were relevant to the Lenzing Group:

- Forestry and paper, December 2023 (For market consultation and feedback, SASB sectors: Forestry management (RR-FM) and Pulp and paper products (RR-PP)) and

[26] Geburek, T., Büchsenmeister, R., Englisch, M., Frank, G., Hauk, E., Konrad, H., Liebmann, S., Neumann, M., Starlinger, F. and Steiner, H. (2015). Biodiversitätsindex Wald – Einer für alle! In: Biodiversität im Wald. BFW Praxisinformation 37, pp. 6-8

[27] https://info.bmlrt.gv.at/themen/wald/walddialog/dokumente/indikatorenbericht-2020.html

[28] https://www.bundesforste.at/leistungen/naturraum-management.html

[29] BIMUWA website: https://www.bundesforste.at/leistungen/naturraummanagement/foerderprojekte/biodiversitaet-und-multifunktionale-bewirtschaftung-im-wald.html

[30] https://www.wwf.at/artikel/einladung-climate-group-talks/

[31] https://www.wwf.at/wp-content/uploads/2024/01/WWF_Studie_Biodiversitaets-Management-Unternehmen_2024.pdf

[32] https://www.wwf.at/artikel/wirtschaftsfaktor-biodiversitaet-wwf-konferenz/#programm

[33] Madrid Ministerial Declaration. 25 years together promoting Sustainable Forest Management in Europe, 7th Forest Europe Ministerial Conference, Madrid 2015. Available at: https://foresteurope.org/wp-content/uploads/2016/11/III.-ELM_7MC_2_2015_MinisterialDeclaration_adopted-2.pdf

[34] FOREST EUROPE 2020. Adaptation to Climate Change in Sustainable Forest Management in Europe, Liaison Unit Bratislava, Zvolen, 2020, https://www.prosilva.org/fileadmin/prosilva/4_News_Information/03_Articles_Presentations/01_articles_2017_2022/2020_Adaptation_to_Climate_Change_in_SFM_in_Europe_compressed.pdf

[35] https://forestbiodiversity.eu/

- The draft "Discussion paper on proposed sector disclosure metrics[36]", December 2023. For market consultation and feedback. Apparel and textiles (CG.1), Construction materials (EM.2), Infrastructure (IF.2), Real estate (IF.3).

Lenzing's Corporate Sustainability team reviewed and provided feedback on both if the above documents. The document entitled "Additional sector guidance - Forestry, pulp and paper" was published in June 2024, proposing metrics that may be collected by forestry, paper and pulp companies to improve their nature-related disclosures. Due to the disclosure described above, Lenzing has also become a TNFD adopter.

[36] https://tnfd.global/publication/discussion-paper-on-sector-metrics/

# ESRS E5 Resource use and circular economy

MANAGEMENT APPROACH

## Material topic: Resource use and circular economy

[ESRS 2 MDR-A 68a; GRI 3-3]

Lenzing has already successfully implemented circular economy practices as central parts of its business model for a long time by achieving greater efficiency in the use and reuse of resources. Such practices comprise closing loops in production processes and producing fibers that are biodegradable (applicable to TÜV certified biodegradable and compostable LENZING™ fibers[37]) at the end of their life. Such measures also ensure that Lenzing remains financially competitive and compliant with environmental legislation. As Lenzing continues to drive circular solutions across both the business and the industry, the complex transition from a linear to a circular system requires a collaborative approach. For instance, the company has partnered with Swedish pulp producer Södra to generate more opportunities for recycling textile waste, creating circularity practices and promoting systematic change. The company strives to create as much value as possible through improved sustainability performance that impacts the entire value chain.

### Negative actual impacts

- Resources inflows, including resource use: Negative impact on circular economy and recycling due to blended materials (downstream value chain)

### Negative actual and potential impacts

- Resource outflows related to products and services: Negative impact on GHG emissions and the carbon footprint through energy-intensive recycling processes (own operations, downstream value chain)
- Waste: Negative impact on the environment if waste from the textile industry is not disposed properly (own operations, downstream value chain)

### Positive actual impacts

- Resources inflows, including resource use: Positive impact on emissions through Lenzing's adoption of circular practices including the use of the renewable resource wood (own operations)

### Opportunities

- Resource outflows related to products and services: Opportunity to help partners in the value chain achieve their circularity and recycling goals (own operations)
- Resource outflows related to products and services: Opportunity for an increased demand of fibers with recycled materials due to the EU Textile Strategy (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Sustainability Policy
- Group Policy for Safety, Health and Environment (SHE)
- Group Environmental Policy and Standard
- Group Waste Management Guideline
- Wood and Pulp Policy

### Actions taken [ESRS 2 MDR-A 68a]

- Natural circularity – Origin and end of life
- Resource-efficient products and technologies
- Member and industry partner in funded EU Horizon projects
  - Circular and Sustainable Textiles and Clothing (CISUTAC)
  - Environmental Sustainability & Circularity Assessment Methodologies for Industrial Biobased Systems (ESCIB)
  - Cellulose Lyocell Filaments (CELLFIL)
- 100 percent of wood-for-pulp-production suppliers assessed according to the FSC® Controlled Wood criteria
- Publication of "Enabling Circularity by Design" guide in collaboration with Södra to advance circular economy in the industry

### Sustainability targets

- "Textile recycling" target
- "Circular business model" target

### Stakeholders

- Policy Hub
- European Recycling Industries' Confederation (EuRIC)
- European Apparel and Textile Confederation (EURATEX)
- Accelerating Circularity Project (ACP)
- Textiles 2030
- Södra
- TreeToTextile
- Forum for the Future
- The Austrian Bioeconomy Strategy

### Responsible

- Members of the Managing Board (Pulp and Commercial)
- VP Recycling Pulp
- VP Commercial Textiles
- Vice President Global HSE

### Supporting

- Corporate Sustainability
- Division Textile
- Division Nonwovens

[37] LENZING™ fibers which are TÜV certified as biodegradable (soil, fresh water & marine) and compostable (home & industrial) include the following products: LENZING™ Viscose Standard textile/ nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. An exception in certification exists for the LENZING™ Lyocell Filament fiber, for which the necessary tests to confirm biodegradability within a marine environment have not been conducted.

- Developing commercial-scale recycling technologies
- Partnerships & collaborations

**Further actions** (not described in more detail in E5-2)
- Ongoing collaboration with Södra to jointly install a process for post-consumer cellulose recycling
- Lenzing and TreeToTextile join forces for next-generation cellulose fibers

- Division Pulp
- Global Quality
- Global Health, Safety & Environment (HSE)
- Global Innovation
- Site directors

## Lenzing's circular economy vision

### We give waste a new life

Lenzing strives to drive the industry towards a fully-fledged circular economy by giving waste a new life across all aspects of Lenzing's core business and by co-developing circular solutions with potential partners within and outside the current value chain to close loops wherever possible. Lenzing's vision is built on the following three pillars.

### We use regenerative and recycled raw materials to help protect the planet

Wood, a renewable raw material, is a key element of Lenzing's circular economy vision, being entirely converted into high-value products and bioenergy. Furthermore, in selected fibers an alternative cellulose feedstock is used from textile waste, as a raw material.

### We use circular thinking to design out waste and innovate processes

Lenzing strives to lead in closing technological loops and optimizing the use of every resource with maximum economic value.

### We are not alone in this – Partnering for systemic change

Recycling textiles efficiently requires cooperation among designers, manufacturers, consumers, recyclers and policy makers. Lenzing is actively engaging in partnerships both within and outside the value chain. For more information, please see the "Stakeholder engagement" section in this chapter.

## Impact, risk and opportunity management

[ESRS E5 ESRS 2 IRO-1; GRI 306-2]

For more information on the general process of the double materiality, please see the section "Double materiality analysis" in the "ESRS 2 General disclosures" chapter.

## Policies

[ESRS E5-1; GRI 2-24, 3-3c, 306-2]

Lenzing's sustainability strategy and policy framework reflects a transition away from the use of virgin, fossil-based resources and towards the use of renewable as well as recovered and recycled resources wherever possible. Lenzing is committed to resource-efficient technologies and products that optimize the use of all raw materials and efficiently recover chemicals, water and energy. By monitoring use of resources, including water and chemicals, at all production sites, Lenzing is able to set benchmarks for production and emissions across the Group and establish targets and roadmaps for improvement.

Lenzing's approach to waste management involves monitoring both hazardous and non-hazardous waste at all sites, in line with the policies' commitments. Lenzing aims to establish best-practices in waste management within the group to prevent landfill, e.g. by repurposing production waste as raw material for other processes, thereby increasing resource efficiency and minimizing potential environmental impacts. Additionally, Lenzing collaborates with stakeholders and business partners to drive systemic change towards circular economy solutions in the textile and nonwovens industry.

**Sustainability Policy**
Lenzing is committed to collaborating with stakeholders, including innovation partners, suppliers, and NGOs, to promote fibers that reduce potential environmental and social impacts. Lenzing supports the research and development of commercially viable cellulose fibers made from alternative sources such as agricultural residues and textile waste (renewable resources). Lenzing is dedicated to sourcing all raw materials responsibly (sustainable sourcing) and continuously improving sustainability performance and resource efficiency by implementing appropriate measures.

Lenzing's Sustainability Policy addresses all identified material impacts and opportunities, including the downstream value chain aspects of the "negative impact on circular economy and recycling due to blended materials", as well as the upstream value chain aspects of the "negative impact on GHG emissions and the carbon footprint through energy-intensive recycling processes".

For more information on the ESRS 2 MDR-P of the Sustainability Policy, please see the "Sustainability Strategy" section in the "ESRS 2 General disclosures" chapter.

**Wood and Pulp Policy**
In its Wood and Pulp Policy, Lenzing is committed to procuring wood and dissolving wood pulp exclusively from non-controversial sources. Suppliers participate in credible forest certification programs, in particular the Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification (PEFC). The supply of wood and pulp of a specified quality and quantity to all of the Group's pulp and fiber production sites is an important part of the Lenzing Group's core business.

The Wood and Pulp Policy addresses the "positive impact on emissions through Lenzing's adoption of circular practices including the use of the renewable resource wood".

For more information on the ESRS 2 MDR-P of the Wood and Pulp Policy, please see the section "Policies" in the "E4 Biodiversity and ecosystems" chapter.

**Group Policy for Safety, Health and Environment (SHE)**
Lenzing focuses on improving resource efficiency to reduce its environmental impact by minimizing emissions and waste.

The SHE Policy addresses the following impacts: Positive impact on emissions through Lenzing's adoption of circular practices including the use of the renewable resource wood; Negative impact on GHG emissions and the carbon footprint through energy-intensive recycling processes; Negative impact on the environment if waste from the textile industry is not disposed properly

**Group Environmental Policy and Standard**
All Lenzing production sites fulfil the national legislative requirements and are ISO 14001 certified. The Group Environmental Policy and Standard is an important component of the Group's Environmental Management System. It is the basis for developing Lenzing's environmental program and the medium- and long-term environmental targets.

The Group Environmental Policy and Standard addresses the "Negative impact on the environment if waste from the textile industry is not disposed properly" by following the waste management principles and act whenever possible to minimize waste.

For more information on the ESRS 2 MDR-P of the SHE Policy and the Group Environmental Policy and Standard, please see the section "Policies" in the "E2 Pollution" chapter.

**Group Waste Management Guideline**
The internal Waste Management Guideline, which was launched in 2018, is aimed at aligning and improving waste management practices across the Lenzing production sites. The Vice President Global HSE is the most senior person accountable for the overall implementation of the Group Waste Management Guideline, while at the site level, the site directors and the site Safety, Health and Environment (SHE) managers are responsible for the local roll-out and implementation of the guideline. The guideline was further developed in 2021 and updated in 2022, which resulted in the full consolidation of waste data in the Group. It is an integral part of Lenzing's Environmental Management System. Activities relating to waste management – e.g. the collection, separation, storage, transportation, and treatment of waste – are planned and implemented based on possible utilization as well as the company's understanding of associated environmental impacts and risks. Further details on waste management are set out in each site's waste management systems, which also concern external service providers.

The Group Waste Management Guideline addresses the "Negative impact on the environment if waste from the textile industry is not disposed properly".

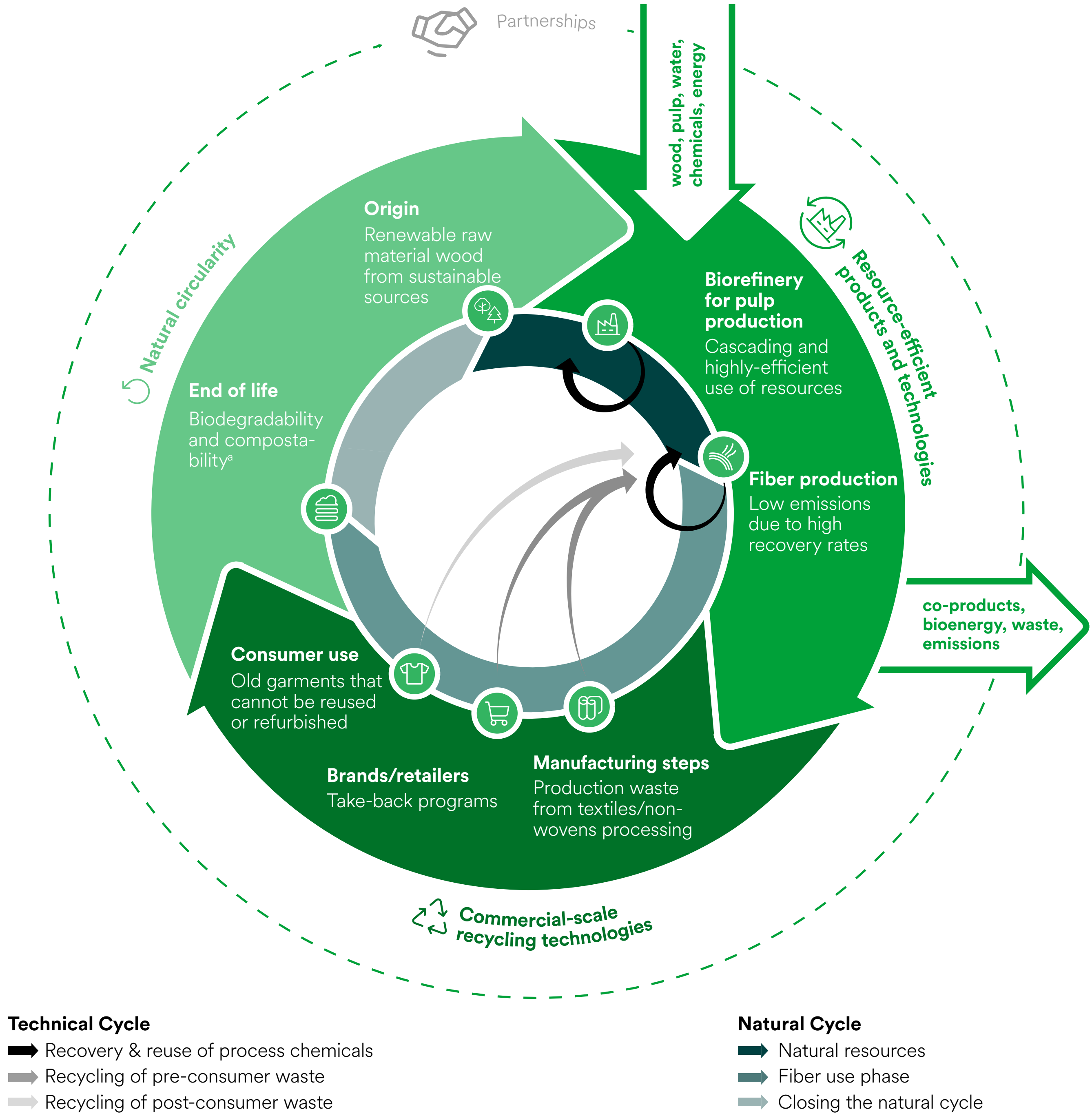
## Actions

[ESRS E5-2; GRI 3-3d, 306-2]

A summary of the "Actions taken" can be found in the management approach at the beginning of this chapter.

Lenzing pursues its vision by following three key practices that incorporate various elements of the circular economy into its circular business model. These practices are outlined in figure 11 and described below:

- Natural circularity
- Resource-efficient products and technologies
- Developing commercial-scale recycling technologies




a) Applies to TÜV certified biodegradable and compostable LENZING™ fibers

## Natural circularity

### Origin

Lenzing's fibers consist of cellulose, the most abundant organic polymer, which is biodegradable and mainly obtained from the renewable raw material wood. Wood at Lenzing is sourced from sustainably managed forests and plantations, which requires constant effort. For more information on certifications, please see the "Sourcing" section of the "G1 Business conduct" chapter.

LENZING™ Lyocell, Modal and Viscose Standard fibers are certified by TÜV Austria as biodegradable and compostable[38]. The safe disposal of these fibers in the natural environment enables the cellulose material loop to close in alignment with the biological cycle. Natural circularity covers this biological cycle and also focuses on different end-of-life solutions.

**GLACIER PROTECTION FLEECE**

The melting of glaciers is symbolic of the repercussions of global warming. As a company committed to science-based targets to limit the rise of global temperatures, Lenzing also seeks new product solutions that can contribute to this topic. One key example and highlight in 2023 was the development of a glacier protection fleece made 100 percent from Lenzing's cellulose fibers. This award-winning innovation (Biodiversity and Water Award at the CNMI Sustainable Fashion Awards 2024) helps to protect glaciers without contributing to microplastic pollution.

In 2024, sheets that covered the glaciers for the summer season at six sites between Austria and Switzerland over an area of more than 20,000 square meters of snow and ice, were dismantled. After further rigorous testing, a three-step process of cleaning, drying, and tearing began, after which Lenzing will explore the next stage of this circular concept by recycling the fibers of the collected materials.

### End of life

By applying a more application-specific approach, Lenzing continuously strives to look at various end-of-life solutions, such as biodegradability, recycling or reuse, depending on the material, end-products and markets. Lenzing is therefore strategically involved in policy discussions and engaged in circular initiatives to further develop and advance the world's transition to a more holistic economy.

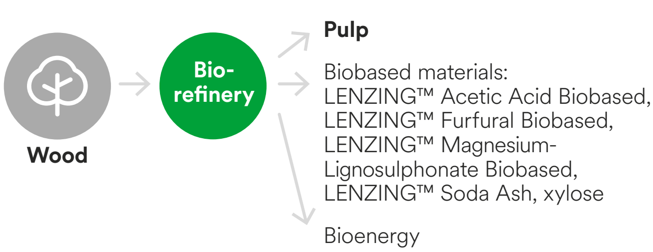
## Resource-efficient products and technologies

Lenzing's resource-efficient products and technologies are in place in 2024 and Lenzing strives to continuously develop those.

### Biorefinery for pulp production

During pulp production, wood is turned into dissolving wood pulp for subsequent fiber production. At Lenzing's pulp sites, this is an energy self-sufficient process that uses raw materials efficiently and has high recovery rates for solvents and chemicals. Thus, marketable biorefinery products and energy are generated and production waste is minimized (figure 12). The Lenzing Group operates three biorefineries in Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil), offering valuable biorefinery products to other industries, thereby contributing to the maximum utilization of wood and process chemicals in a circular approach. For more detailed information on Lenzing's product outflows, please see the "Resource outflows" section in this chapter.

**Highly efficient use of the raw material wood** Figure 12




Surplus energy from pulp production is supplied as renewable energy in the form of steam and electricity. At the Lenzing (Austria) site surplus energy is directly powering fiber production lines. In Paskov (Czech Republic) and Indianópolis (Brazil) surplus energy is exported to the electricity grid and thereby supports the shift to renewable energy in these regions. This is a prime example of the cascading use of biomass and 100 percent utilization of wooden raw material.

### Fiber production

Lenzing produces specialty fibers and innovates cellulose fiber technologies. The high-quality fibers, viscose (rayon), modal, and lyocell, are supplied to the textile and nonwoven industry, as well as being used in industrial applications, and are valued for their special properties.

Lenzing's lyocell process is a closed-loop technology that allows the manufacturing of cellulose fibers using an organic solvent without chemical modification of the cellulose. The process follows a basic dissolution concept and allows 99.8 percent of the solvent to be recovered and fed back into the process. This avoids waste and ensures high resource utilization, while reducing water consumption and emissions. Production of viscose and modal fibers requires more complex chemistry but allows recovery of process chemicals

[38] LENZING™ fibers which are TÜV certified as biodegradable (soil, fresh water & marine) and compostable (home & industrial) include the following products: LENZING™ Viscose Standard textile/ nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. An exception in certification exists for the LENZING™ Lyocell Filament fiber, for which the necessary tests to confirm biodegradability within a marine environment have not been conducted.

that are sold to the market replacing conventionally produced substances. Generally, recovering solvents and chemicals avoids or even reduces potential environmental impacts and deploys circular economy practices. For additional information, please see the "Responsible production" focus paper.

**Manufacturing steps in the textile industry**
To address textile industry waste challenges, Lenzing has developed an innovative recycling technology, REFIBRA™. This technology utilizes pre- and post-consumer textile waste and turns it, together with virgin pulp, into new fibers. Lenzing's R&D works on continuously improving the technology.

**WE GIVE WASTE A NEW LIFE. EVERY DAY**

In line with its vision, "We give waste a new life. Every day", Lenzing is strives to make textile waste recycling a common standard process similar to paper recycling. Lenzing has set a target and taken measures to make this vision a reality: it plans to offer viscose, modal and lyocell staple fibers with post-consumer recycled content on a commercial scale. For more information, please see the "Sustainability targets, measures and progress" section of this chapter.

**Management of production waste**
There are several contexts in which waste is generated at Lenzing's facilities, such as within production processes, as well as packaging of procured goods and sole fiber bales. Lenzing follows a waste hierarchy and avoids waste wherever possible. For more information on Lenzing`s waste, please see the "Waste management" section in this chapter.

**ENABLING CIRCULARITY BY DESIGN**

To advance the circular economy in the industry, Lenzing has collaborated with its long-term partner Södra in 2024 to publish their expert knowledge in a guide for designers. The guide aims to inspire designers to design their clothes in such a way that ensures the recyclability of fibers – shifting the mind set and industry towards a more circular business model. In addition, by considering different design principles in the design process, e. g. durability and longevity, reparability, fiber recyclability etc. designers can further reduce negative environmental and climate impacts in the textile industry.

To advance its circular economy practices, Lenzing uses recycled or reused materials whenever possible instead of extracting virgin resources from nature. However, it is important to note that recycling processes can require a high amount of energy due to the complex disassembly of textiles, material blends and chemicals applied in textile production. This requires a holistic approach (e.g. design for circularity; the use of renewable energy and "low-impact" chemicals in the value chain) to truly mitigate climate change and other potential environmental impacts.

For the actions taken in Lenzing's own operations regarding the "Negative impact on the environment if waste from the textile industry is not disposed properly", please see the "Waste management" section in this chapter.

Lenzing did not take action regarding this impact in its downstream value chain, as it has been prioritizing and working on key topics on a gradual basis.

## Commercial-scale recycling technologies

Lenzing considers two types of recycling in its products: chemical and mechanical, both are in place in 2024 and continuing with no explicit end date. Pulp from chemically recycled cotton textile waste is used to produce new fibers using the REFIBRA™ technology together with virgin wood pulp. This enables a proportion of cotton waste and dissolving wood pulp to be utilized as raw materials.

LENZING™ ECOVERO™ branded viscose fibers produced with REFIBRA™ technology contain a minimum of 20 percent of recycled material from pre- and post-consumer waste. These create high-quality fibers with the same properties as fibers from virgin dissolving wood pulp. The fiber is available under the Recycled Claim Standard (RCS), certifying that all production processes in the entire supply chain have undergone the relevant steps to ensure the integrity of the final product.

Additionally, Lenzing fibers can be used as supporting blending partners for mechanically recycled textile materials (post-industrial, pre-/post-consumer). During mechanical recycling, textiles are shredded down to the individual fiber level as far as possible. Due to the shortening of fiber length and loss of performance such as tenacity, these mechanical recycled fiber materials need carrier fibers to be "respun" into new yarns. Lenzing fibers have been successfully used as carrier material for mechanically recycled fibers. For more information, please see the "Products and technologies with a net-benefit" section in the "Sustainable innovations" chapter. For actions regarding recycling, please see the "Funding for sustainable developments" section in the "Sustainable innovations" chapter.

**Brands/retailers**
Brands and retailers not only have the influential power to provide products with recycled content to consumers, but also the ability to design textile products in a way that facilitates circularity in terms of durability, recyclability and biodegradability. Lenzing participates in an active research and development project (see CELLFIL project in the "Stakeholder engagement" section of this chapter) to further improve the utilization of pre-consumer textile waste for the production of fully biobased and biodegradable fibers.

**Consumer use**
Lenzing strives to offer the best possible materials for products, so that consumers and end users can purchase products according to their performance and sustainability needs.

One of Lenzing's goals is to recycle post-consumer textile waste more efficiently. Given the complexity of global value chains, Lenzing collaborates with various stakeholders that are clearly aiming to drive systemic change in the textile and nonwoven industry.

### Partnerships

In 2024, Lenzing Group has numerous ongoing long-term collaborations and partnerships to drive systemic change in the textile and nonwovens industry.

Transparency makes partnerships easier and provides a foundation for credible sustainability performance, especially regarding the circular economy as a key issue in upcoming EU legislation. Gaining a deeper understanding of Lenzing's suppliers and downstream customers is critical to minimizing the Lenzing Group's overall environmental as well as social impact and putting it on the right track to achieve net-zero GHG emissions by 2050 ("Long-term science-based net-zero target").

Partnering for systemic change is one of the basic principles of Lenzing's "Naturally Positive" sustainability strategy for jointly achieving targets with Lenzing's stakeholders. Thus, Lenzing actively engages with suppliers to obtain chemicals with a low carbon footprint, such as sodium hydroxide produced with renewable energy. This ongoing engagement is key to reducing the carbon footprint of Lenzing's products, and meeting scope 3 reduction targets.

Such essential collaborations are further complemented by participation in several initiatives that strive to foster the circular economy in the fashion industry. For specific details on collaborations with each stakeholder, please refer to the descriptions under each respective stakeholder in the „Stakeholder engagement" section of this chapter.

#### VEOCEL™ AND NAÏF BABY WIPES

In 2024, LENZING™ collaborated with Naïf and introduced baby wet wipes made from VEOCEL™ branded lyocell fibers. In comparison to most other wet wipes, Naïf baby wipes are plastic-free, made from cellulose VEOCEL™ fibers using wood as a raw material, and contain only nurturing natural ingredients with no addition of alcohol or perfume. With this move, LENZING™ and Naïf aim to encourage a change in the industry from fossil-based synthetic fibers to environmentally friendly methods, while keeping sensitive baby skin at the forefront.

## Metrics and targets

[ESRS E5-3; GRI 3-3e]

See "targets" in the management approach at the beginning of this chapter.

All of Lenzing's sustainability targets and the process of setting and monitoring (ESRS 2 MDR-T 80g, 80j) can be found in the "Sustainability targets, measures and progress" section in the "ESRS 2 General disclosures" chapter.

| **Textile recycling** | **Increasing the share and types of alternative feedstocks, e.g. by using recycled textile waste or agricultural waste until 2030** | **2030 On track** |
|---|---|---|
| Measure(s) | Increasing recycled content in viscose and lyocell fiber types from 20 percent to minimum 30 percent from post-consumer waste on a commercial scale by 2030 | **2030 On track** |
| | Innovating the use of at least 5 alternative feedstocks providers (e.g. from recycled textiles and agricultural waste) until 2030 | **2030 On track** |
| Progress made in 2024 | Lenzing has continued its efforts to strengthen technology for reusing cotton-rich textile waste in textile fiber production. Solid efforts have been made to prepare for the treatment of increasing available volumes of post-consumer household textile waste, driven by upcoming EU regulations forcing collection and treatment according to the waste hierarchy. However, the challenging economic environment, price pressures in the textile value chain, lack of demand from the market, and the substantial investment required to scale up a Textiles recycling network have triggered a change in the ambition level and reformulation of the orginal target from "To offer viscose, modal and lyocell staple fibers with up to 50 percent post-consumer recycled content on a commercial scale by 2025" to "Increasing the share and types of alternative feedstocks, e.g. by using recycled textile waste or agricultural waste until 2030" with an extended timeline. The target year has also been extended by five years to take account of these challenges. Along with this change in the target, the measures used to track the progress have been updated as well, moving from "All fibers with recycled content offered by Lenzing contain a share of post-consumer waste" to "Increasing recycled content in viscose and lyocell fiber types from 20 percent to minimum 30 percent from post-consumer waste on a commercial scale by 2030" and from "Lenzing increases the recycled content from 30 to 40 percent for fibers produced with REFIBRA™ technology for textiles" to "Innovating the use of at least 5 alternative feedstocks providers (e.g. from recycled textiles and agricultural waste) until 2030" with an extended timeline. Despite these challenges, Lenzing consistently offers LENZING™ ECOVERO™ x REFIBRA™ fibers with 20 percent recycled content on a commercial scale. The cooperation with Södra on Textiles Recycling has also continued successfully throughout this year. | |

| Circular Business Model | To innovate a new circular business model by closing the loops for post-consumer materials and partner with 15 key supply chain companies by 2025 | 2025 On track |
|---|---|---|
| Progress made in 2024 | Lenzing is pioneering innovative business models focused on circularity, encompassing all aspects from chemical textile recycling, such as their collaboration with Södra, to integrating various recycling technologies. In 2024, for instance, Recyc Leather and Lenzing combined recycled leather fibers with TENCEL™ Lyocell fibers to develop a next-generation material for footwear, which was utilized by the Danish contemporary brand GANNI. As another example, Lenzing and an innovative network of partners have developed a concept for recycling geotextiles made from Lenzing nonwoven fibers. After the geotextiles successfully protected a glacier field from melting in summer, instead of being disposed they were collected and recycled into a fashionable 'Glacier Jacket' garment. Additionally, the reuse and resultant minimization of residues from different recycling methods are being evaluated. Due to current market challenges towards circularity such as the lack of demand from the market the number of key supply chain partners has been reduced from 25 to 15. | |

Lenzing's "Textile recycling" and "Circular Business Model"-targets are closely aligned with the "Better Growth" strategy aimed at promoting the circular economy and sustainable material sourcing. These voluntary targets not only support the increase in circular product design and the circular material use rate but also contribute to the reduction of primary raw material usage. The scope of the "Textile recycling" target includes all Lenzing's production sites, excluding those in Paskov (Czechia) and Indianópolis (Brazil). Lenzing set the "Textile recycling" target for the first time in 2020 (baseline year). In this year, Lenzing offered TENCEL™ x REFIBRA™ branded lyocell fibers with up to 30 percent recycled content (baseline value). Additionally, the "Circular Business Model" target was set for the first time in 2020 (baseline year), initially partnering with zero key supply chain companies (baseline value).

The targets address the renewable sourcing and use of recycled cellulose textile waste and agricultural waste aiming to increase the share and types of alternative feedstocks. The targets primarily relate to the "recycling" layer of the waste hierarchy. However, the "Circular Business Model" target promotes the circular economy concept, which is an overarching principle that encompasses all layers of the waste hierarchy.

Södra, a forestry cooperative that produces wooden goods, pulp, and biofuel and is based in Sweden, played a key role in establishing these targets as a cooperative partner. The internal stakeholders besides the Corporate Sustainability department that were involved in the establishing these targets included the Pulp and Wood Team, the Commercial Textiles team and the Strategy team.

Lenzing has no target regarding the actual and potential "Negative impact on the environment if waste from the textile industry is not disposed properly". Lenzing complies with applicable laws and regulations and aims to improve its waste management practices.

# Resource inflows

[ESRS E5-4; GRI 301-1, 301-2]

Lenzing's main resource inflows are wood, dissolving wood pulp, chemicals, fuels and water. This does not include critical raw materials or rare earths as defined in Annex II of the EU Critical Raw Materials Act. Please note that precise figures on the absolute weight or volumes of materials used by the Lenzing Group are omitted due to confidentiality reasons. The consolidated weight of materials can be found in the table 45.

### Wood and dissolving wood pulp

Processing wood into fibers requires a special quality of pulp called dissolving wood pulp. The Lenzing Group's current nominal capacities for dissolving wood pulp are 320,000 tons at the Lenzing site (Austria), 285,000 tons at the Paskov site (Czechia) and 500,000 tons at the Indianópolis site (Brazil). For the locations of Lenzing's pulp factories, please see the "Lenzing Group locations" chapter.

In addition to producing its own dissolving wood pulp, Lenzing procures dissolving wood pulp from the global market, mostly under long-term supply contracts. Eucalyptus, pine and spruce represent the predominant wood species used by Lenzing's pulp suppliers. However, beech, birch, ash, maple as well as other hardwoods and softwoods are also processed. The actual tree species vary depending on the region and quality conditions. Regardless of the species, all the wood originates from sustainably managed forest operations that are certified or controlled according to the leading forest certification schemes. An overview of the most important tree species per region can be found in the Annex. Lenzing ensures that the bleaching process of all purchased pulp is totally chlorine-free (TCF) or elemental chlorine-free (ECF). 100 percent of Lenzing`s wood or pulp suppliers are regularly assessed and certified according to FSC® or PEFC standards. For more information on certifications, please see the "Sourcing" section of the "G1 Business conduct" chapter.

### Chemicals

The most important chemicals for Lenzing, accounting for about 85 percent of the total volume purchased, include carbon disulfide ($CS_2$), N-methylmorpholine N-oxide (NMMO), sodium hydroxide (NaOH), sulfuric acid ($H_2SO_4$), sulfur (S), sulfur dioxide ($SO_2$), spin finishings, titanium dioxide ($TiO_2$), and zinc sulfate ($ZnSO_4$). Lenzing tries to source its chemicals as regionally as possible. However, despite an intensive search for a local NMMO source, this chemical currently cannot be sourced locally. For Lenzing regionally sourced means from the same or the neighboring country of the production facility. For more information on regional sourcing, please see the "Sourcing" section in the "G1 Business conduct" chapter.

Lenzing engaged in comprehensive dialog with its suppliers to explore the possibilities of procuring sodium hydroxide with reduced GHG emissions. For more information on supplier engagement to reduce GHG emissions, please see the "Actions" section in the "E1 Climate change" chapter.

### Fuels

Pulp and fiber production is an energy intensive process that is more than two-thirds covered by fuels from renewable resources at Lenzing. For more information on fuels, please see the "Energy and fuels" section in the "E1 Climate change" chapter. Upholding its objectives, Lenzing was the first cellulose fiber producer to set concrete science-based targets approved by the Science Based Targets initiative to reduce GHG emissions and fossil-based fuels, respectively.

### Water

Water is a valuable resource, which is necessary for Lenzing's manufacturing processes. Further details on water and its recycling are provided in the "E3 Water and marine resources" chapter.

### Packaging

Chemicals are delivered in different forms of packaging such as containers and big bags. Lenzing has implemented take-back systems with its suppliers in order to reduce packaging waste. These systems not only ensure proper disposal but also facilitate the reuse of packaging material.

The dissolving wood pulp is transported in freight cars and trucks, while fiber bales are shipped in plastic films. This is necessary for product protection and transportation. Lenzing products require few packaging materials given the product to packaging weight ratio and the low share of packaging materials in total material inflows. The recycling of packaging for fiber bales lies outside of Lenzing's operational system boundary due to a lack of control and influence on the downstream customer. Nonetheless, the company is currently evaluating potential for reducing packaging waste from goods sold.

The management of packaging waste is a shared responsibility between Lenzing and its business partners. Proper disposal, participation in recycling programs and take-back systems can significantly contribute to reducing packaging waste.

### Property, plant and equipment

For Lenzing's fiber and pulp production plants, please see the section "The locations of the Lenzing Group" in Lenzing`s Annual Report.

Prior to the pulping process, large equipment is already required for debarking and chipping entire wood logs, in addition to warehouses and conveyor belts for intermediate storage. Wood chips and process chemicals are turned into cooking liquor by different digesters, boilers, and tanks. Additional units for washing, screening and bleaching as well as drying chambers and sheet presses complete the equipment required for pulp production. Residual cooking liquor is treated with several recovery systems to separate valuable substances using condensation units, extraction and fractionating columns.

The production process of cellulose fibers involves an array of equipment for spinning the cellulose dope into fibers, including but not limited to tanks, various drums and reaction chambers, dryers and filtration systems. The key equipment for the spinning steps is spinneret devices, followed by machinery for stretching and cutting staple fibers, and washers, purification units, and dryers. Fibers are pressed into bales, wrapped in plastic foil and finally stored in bale warehouses before being transported by rail.

Both viscose/modal as well as lyocell fiber production entails equipment for the recovery of process chemicals including boilers, filtration and purification units, extraction columns, ovens and catalysts. Obviously, the production of biorefinery and co-products, involved storage towers and packaging units.

**Resource Inflows** Table 45

| | 2024 |
|---|---|
| Overall total weight of products and technical and biological materials used during the reporting period (mn t) | 4.85 |
| Percentage of biological materials (and biofules used for non-energy purposes) that are sustainably sourced (%) | 72% |
| Absolute weight of secondary reused or recycled components, secondary intermediary products and secondary manufacture the undertaking's products and services (mn t) | 2.33 |
| Percentage of secondary reused or recycled components, secondary intermediary products and secondary manufacture the undertaking's products and services (%) | 48% |

Table 45 describes Lenzing's material resource inflows in terms of the overall total weights of technical and biological materials used in the year 2024. The most important raw materials (chemicals, wood and pulp) used to manufacture and package Lenzing's products are included. The data is compiled from all Lenzing production sites and based on direct measurements (weighting) of the raw materials input into the manufacturing processes. The input of a raw material is defined as the purchased amount, adjusted for with the amount in storage. This data is released monthly by the sites' operations or purchasing departments and fed into the Group database to be aggregated at the Group level. Except for the assurance provider of this report, raw materials inputs are not subject to external verification. However, the sustainably sourced biological materials are certified.

The sustainably sourced biological materials are wood and pulp and account for 72 percent of the overall total weight of materials used. For information on the certification schemes (FSC® and PEFC), please see the "Sourcing" section of the "G1 Business conduct" chapter. For more information on cascading principles of biological materials, please see the "Biorefinery for pulp production" of this chapter.

Lenzing applies the best available techniques for solvent recovery in its viscose/modal and lyocell production processes, reducing the need for primary raw materials. In lyocell manufacturing, it is possible to recover 99.8 percent of the used NMMO. Carbon disulfide and other chemicals used to produce viscose and modal fibers can be recovered and returned to the process in place of raw materials or converted to the marketable co-product of sodium sulfate. Chemicals and solvent recovery are reflected in the high percentage of secondary or reused materials (48 percent). The quantity of recovered substances is based on direct measurements (flow meter readings) of the recovered chemicals.

## Resource outflows

[ESRS E5-5; GRI 306-1, 306-2, 306-3, 306-4, 306-5]

### Fibers and pulp

Lenzing's main product outflows are regenerated cellulose fibers which are used e.g. for clothing, home textiles, personal care and hygiene products. The fiber portfolio includes three types of fibers: lyocell, modal, and viscose (rayon). Pulp and other biorefinery products as well as co-products from fiber production are sold to other industries.

*Fibers with a benefit*

Lenzing offers net-benefit products that deliver environmental and societal advantages as well as benefits for value chain partners, surpassing many competing alternatives. These products take the entire life cycle into account, encompassing both upstream and downstream value chain processes.

Moreover, TENCEL™ Lyocell and Modal and LENZING™ ECOVERO™ fibers are certified with the widely recognized EU Ecolabel[39]. This label is awarded to products that meet high environmental standards throughout their entire life cycle.

In 2024, TENCEL™ Lyocell, VEOCEL™ Viscose and VEOCEL™ Lyocell were certified by Climate Partner. This certification enables the disclosure of voluntary financial contributions to GHG compensation projects as the last step in a five step protocol: climate action strategy (including carbon footprints) emission reduction targets, implemented reductions, financed climate projects and transparent communication.

For more information on products and technologies, please refer to the Lenzing website or the "Sustainable innovations" chapter.

**BIODEGRADABILITY STUDY BY SCRIPPS**

A study conducted by Scripps Institution of Oceanography (SIO) offers scientific evidence that LENZING™ Lyocell Standard fibers, LENZING™ Viscose Standard fibers, and LENZING™ Modal Standard fibers biodegrade in both sea-surface and deep-sea conditions.[40] This research confirms that these fibers can return to the ecosystem at the end of their life cycle.[41] Scientists at SIO at the University of California, San Diego had previously established in 2021 that LENZING™ Lyocell Standard fibers completely and rapidly biodegrade in sea-surface conditions.

**REGENERATED CELLULOSE FIBERS, BIODEGRADABILITY AND MICROPLASTICS**

A literature review by Wood K Plus gives an overview of the discourse about microplastics, marine pollution, and the position of regenerated cellulose fibers[42]. It clarifies the terminology and polymer composition of common textile and nonwoven fibers, especially the distinction between natural fibers, man-made fibers from natural polymers, and synthetic fibers. The review of studies on biodegradation of regenerated cellulose materials reveals about man-made / regenerated cellulose fibers the "consensus […] that these fibers are biodegradable in all natural environments and suitable industrial settings." in a time range between a few weeks to 6 months. Synthetic fibers hardly degrade at all in this time frame but take decades to centuries.

*Durability, repairability and recyclable content*

Lenzing's fibers materials are an intermediate product and integrated into finished products (e.g. t-shirts or wet wipes). In terms of the durability of materials, it is important to understand that durability is not solely determined by the fiber itself but is heavily influenced by the textile processing steps and ultimately through the construction of the final product. Once the fiber is spun, the "durability" of the final product is determined by several critical steps, such as fabric construction, dyeing processes, textile surface creation, finishing, etc. These processes, which vary significantly depending on the manufacturer, machine equipment and process parameters, are therefore part of the downstream value chain and have a major influence on product properties. Hence, comparing industry averages for fiber materials will not lead to significant insights, but optimization of specific products is necessary to improve durability. In addition, a distinction has to be made between textiles and nonwovens, as the sustainability considerations for production processes differ as well. Similarly, this applies to reparability and may be subject to modification if the minimum requirements change due to legal regulations.

As regenerated cellulose fibers can technically be recycled into new regenerated cellulose fibers, they consist of 100 percent recyclable content. The rate of recyclable content in product packaging is around 90 percent. This is an estimate for the whole Group based on exact figures from the Lenzing (Austria) site. The underlying assumption is that packaging made from a single component, such as PET only, is recyclable, while packaging made from two or more constituent materials is non-recyclable.

[39] The EU Ecolabel is recognized in all member states of the European Union, as well as Norway, Liechtenstein and Iceland. The voluntary label, introduced by an EU regulation (Regulation EEC 880/92) in 1992, has gradually become a reference point for consumers who want to help reduce pollution by purchasing more environmentally-friendly products and services. EU Ecolabel for textile products (license no. AT/016/001)

[40] S.-J. Royer et al , Not so biodegradable: Polylactic acid and cellulose/plastic blend textiles lack fast biodegradation in marine waters | PLOS ONE, 2023

[41] LENZING™ fibers which are TÜV certified as biodegradable (soil, fresh water & marine) and compostable (home & industrial) include the following products: LENZING™ Viscose Standard textile/ nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. An exception in certification exists for the LENZING™ Lyocell Filament fiber, for which the necessary tests to confirm biodegradability within a marine environment have not been conducted.

[42] Sophie Pasterk *et al* 2024, How regenerated cellulose fibers appear in the discourse on marine pollution with microplastic: a snowballing and network approach. *Environ. Res. Commun.* 6 112001DOI 10.1088/2515-7620/ad8ac3

**Biorefinery and co-products**

Lenzing puts its biorefinery and co-products such as LENZING™ Acetic Acid Biobased, LENZING™ Furfural Biobased, xylose (wood sugar)[43], LENZING™ Soda Ash or LENZING™ Magnesium-Lignosulfonate Biobased, to new uses in other industries.

**LENZING™ ACETIC ACID BIOBASED**

LENZING™ Acetic Acid Biobased, derived from sustainably sourced beech wood pulp, is purified in several steps, processed into a high-quality product and used in various industries such as food, pharmaceuticals and cosmetics, chemicals, and textiles. To further advance circularity and the visibility of LENZING™ Acetic Acid, a notable partnership has been formed with the Italian company C.P.L. Prodotti Chimici srl, which became the first licensing partner of LENZING™ Acetic Acid Biobased in August this year.

## Waste management

Lenzing uses licensed contractors to dispose of waste. Audits of these service providers are conducted at periodic intervals and any contractor found to be non-compliant has its contract terminated. There were no such cases in 2024. There were no audits conducted in 2024. The next scheduled audits will take place in 2025, a minimum of two audits is planned.

Waste is categorized in line with national legislation. There may also be long delays in obtaining the related data and information when an external party, such as an authorized waste management company, determines the management option of a waste stream. All these factors may result in significant fluctuations in waste reporting from year to year. The company's approach to waste management uses a management hierarchy as its guiding principle. This means that Lenzing plans and prioritizes waste management as follows:

1. Prevention and reduction
2. Reuse and recycling
3. Energy recovery
4. Landfill

Wherever possible, waste is avoided or reduced, e.g. by modifying processes to increase material efficiency or by adopting good housekeeping and operational practices. Recyclable components of waste are separated. Non-recyclable components are disposed of in accordance with local legislation. Wherever possible Lenzing recovers energy from non-recyclable components in facilities such as incinerators. Landfilling of waste is subject to strict national regulations. Hazardous waste is either treated or disposed of in accordance with the applicable regulations.

All metrics in table 46 are based on direct measurements (weighting). The quantity of each waste shipment leaving Lenzing's production sites is measured and recorded by the sites. The sites aggregate this data and report it via the Lenzing Group's database on a yearly basis. The site data is then aggregated to arrive at Group totals. As for the external validation of the data, the relevant national authorities carry out waste inspections, which means that all sites need to keep proper records including the quantity of the waste. For payment reasons the quantity is also validated by the licensed contractors disposing of the waste.

Both the total amount of waste and the amount of hazardous waste decreased in 2024 (see table 46). The new Indianópolis (Brazil) and Prachinburi (Thailand) sites optimized operations resulting in significant reductions in waste generation. Additionally, the Paskov (Czech Republic) site generated a large amount of excavated soil in 2023 whereas it did not in 2024. The excavated soil was recycled, and as the amount was so large, this resulted in a slightly lower percentage of non-recycled waste compared to this year.

On-site landfill is not included in the table (not a resource outflow) and amounted to 1,213 tons in 2024. Data for on-site incineration was unavailable. This paragraph refers to GRI 306-4 d. i. and 306-5 d. i.

The waste streams relevant to pulp and fiber production at the Lenzing Group include I) cellulose waste, such as discarded pulp or fiber waste, II) sludge from wastewater treatment plants, generated from the treatment of wastewater at the production sites, III) fly ash, bottom ash, and slags from boilers and incinerators, which are waste products of the combustion processes used in energy production and IV) chemicals waste such as spent acids or solvents. From a more general perspective, important waste streams are construction and demolition waste, packaging waste, and waste from electrical and electronic equipment.

The waste generated by the Lenzing Group contains a variety of materials. Biomasses are all cellulose forms of waste and fractions of sludges and ashes. Other waste streams are scrap metal such as aluminum, copper, iron, steel and non-metallic minerals, such as sand from blasting operations. Plastics are predominantly present in various types of packaging waste. There are no material waste streams containing critical raw materials or rare earths. Furthermore, the Lenzing Group does not generate radioactive waste.

[43] Purified/marketed by a partner company

## Waste

Table 46

| (Tons) | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total Waste generated** | **163.983** | **187.772** | **150.702** |
| **Total waste diverted from disposal** | **129.153** | **152.078** | **48.472** |
| Hazardous waste diverted from disposal | 29.838 | 33.822 | 123 |
| Hazardous waste preparation for reuse | 0 | 0 | 0 |
| Hazardous waste recyling | 29.838 | 33.822 | 123 |
| Hazardous waste other recovery operations | 0 | 0 | 0 |
| Non-hazardous waste diverted from disposal | 99.315 | 118.256 | 48.349 |
| Non-hazardous waste preparation for reuse | 0 | 0 | 0 |
| Non-hazardous waste recycling | 99.315 | 118.256 | 48.349 |
| Non-hazardous waste other recovery operation | 0 | 0 | 0 |
| **Total waste directed to disposal** | **34.830** | **35.695** | **102.230** |
| Hazardous waste directed to disposal | 4.034 | 3.493 | 68.577 |
| Hazardous waste incineration | 2.842 | 2.431 | 46.048 |
| Hazardous waste landfill | 102 | 110 | 21.376 |
| Hazardous waste other disposal perations | 1.090 | 952 | 1.153 |
| Non-hazardous waste directed to disposal | 30.796 | 32.202 | 33.653 |
| Non-hazardous waste incineration | 10.901 | 23.724 | 21.546 |
| Non-hazardous waste landfill | 18.996 | 6.058 | 11.183 |
| Non-hazardous waste other disposal operations | 899 | 2.420 | 924 |
| Percentage of non-recycled waste | 21% | 19% | 68% |
| Total amount of non-recycled waste | 34.830 | 35.695 | 102.230 |
| Total amount of hazardous waste | 33.873 | 37.314 | 68.701 |

## Resource use and circular economy stakeholder engagement

[GRI 3-3f]

Lenzing's most important stakeholders in circularity are described below.

### Policy Hub

In 2019, Lenzing became a member of the Policy Hub in the circular economy for the apparel and footwear industry, and has been a member of the Steering Committee since June 2023. In 2024, the company actively contributed to enhancing policymakers' and industry stakeholders' understanding of the barriers and challenges facing the circular economy, particularly in areas such as textile waste, recycling technologies and transparency. It submitted recommendations via all relevant public consultations in the EU and other channels to advance the shift toward a more circular economy and product designs that effectively address climate and environmental challenges Lenzing has also actively engaged with the public and EU policy makers in exchanging information on barriers and possible solutions for advancing circularity.

### European Recycling Industries' Confederation (EuRIC)

In 2024, Lenzing became a partner of EuRIC, the foremost advocate for a competitive European sorting and recycling industry that fosters the circular economy and preserves resources for future generations. Lenzing actively contributes to EuRIC Textiles, a branch of EuRIC, providing expertise and insights on EU strategies related to textile waste and advancing a circular textile industry.

### Circular and Sustainable Textile Clothing (CISUTAC)

Since October 2022, Lenzing has been a partner in the CISUTAC project that is co-funded by the EU. The consortium was established to support the transition to a circular and sustainable textile sector. Besides Lenzing, the 24 partners of the consortium include the 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. For its part, Lenzing is focusing on the development of recycling processes for cellulose fibers in line with its own corporate strategy.

### European Apparel and Textile Confederation (EURATEX)

EURATEX is the European Apparel and Textile Confederation, representing the interests of the European textile and clothing industry at the EU institutional level. Lenzing has contributed to EURATEX, and its latest project ReHubs to further promote circularity in the textile industry.

The goal of ReHubs is to set up an integrated system based on recycling hubs in Europe to recycle textile waste and industrially scale up the collection, sorting, processing and recycling of preand post-consumer materials. Lenzing played an active role in the "Transform textile waste into feedstock" project within the EURATEX ReHubs initiative led by Texaid. Lenzing completed its involvement in the mechanical recycling project in 2024

By the end of 2024, Europe will have faced the challenge of organizing a separate collection of textile waste and ensuring proper disposal options for 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.

**Accelerating Circularity Project (ACP)**
ACP's mission is to turn used textiles into new raw materials so that they are no longer incinerated or sent to landfill. With this model, materials will be constantly reused or recycled, and textile waste will itself become a valuable resource. With collaborative work along the entire supply chain, the organization managed to run trials that have been successful in creating fabrics with recycled content. Lenzing has contributed to the trials with its REFIBRA™ technology. The collected information is designed to help the entire industry to learn from this approach and identifies the potential for commercial products based on a cost-effective circular textile supply chain. Lenzing welcomed the opportunity to be a Steering Committee representative of this organization, which envisions a textile world that is restorative and regenerative by design. As well as being a founding partner of the project in the US in 2019, Lenzing became a project partner in Europe in 2021. It was still a project partner in 2024.

**Textiles 2030**
In August 2021, Lenzing was one of the pioneering signatories of the voluntary Textiles 2030 agreement. Textiles 2030 is the expert-led initiative of a Waste & Resources Action Programme (WRAP)'s in the UK, which is designed to limit the impact of clothes and home textiles 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. With its manufacturing facilities in Grimsby in the United Kingdom, Lenzing is honored to take part in this initiative for proactively fostering circularity and systemic change in the textiles industry.
Though Lenzing maintains a strong belief in the initiatives and their values, due to recent organizational changes and the challenging environment in the fiber market, Lenzing has temporarily terminated this voluntary agreement, as of April 2024. Despite this, Lenzing remained committed to supporting the initiative as a non-member throughout 2024 and plans to re-evaluate the termination decision in early 2025, with the hope of rejoining Textiles 2030 in 2026.

**Södra**
To further speed up the technological development of textile recycling followed by an expansion of capacity for generating pulp from post-consumer waste, Lenzing began collaborating with Södra, another leading global pulp producer, in 2021. The goal is to recycle and process 50,000 tons of textile waste per year at Södra's Mörrum site by 2029. This project, named "Textile Recycling in Europe AT Scale"[44] (LIFE TREATS), is supported by an EU subsidy of EUR 10 million as part of the LIFE 2022 program[45] to further develop the innovative OnceMore® recycling process.

**TreeToTextile**
Lenzing acquired a minority share in the Swedish cellulose fiber company TreeToTextile AB in 2024, forming a strategic partnership to develop next-generation cellulose fibers. TreeToTextile's award-winning technology and production process, which significantly reduce environmental impact, align with Lenzing's commitment to sustainability. The execution of the transaction is subject to regulatory approvals and expected by the first half of 2025.

**Forum for the Future**
Lenzing is a participating member in the Enabling Systemic Circularity in Fashion (ESCF) project led by Forum for the Future. It is an action inquiry that investigates the enabling conditions for innovations to achieve their potential in supporting the vision of a circular, regenerative, responsible and resilient fashion value chain, as well as the systemic barriers that are currently preventing this. The project's approach is to take a systemic lens to the enabling conditions and barriers encountered. This is explored through the participation of a mix of unique suppliers and brands that cover different perspectives, helping to learn best practices from each other and understand the current status of the industry to envision a circular future for the industry. Several working groups have been established, such as business models, innovative materials and waste processing. In 2023 and 2024, Lenzing was involved in the project and participated in workshops to contribute its know-how, while advancing progress towards its circularity strategy and ambitions.

**The Austrian Bioeconomy Strategy**
The Austrian Bioeconomy Strategy was published in 2019[46] and the Austrian Circular Economy Strategy Strategy was published in 2022. Lenzing contributed to both strategies by actively participating in the stakeholder processes and providing input for the strategies and the corresponding action plans. For the Bioeconomy Strategy, Lenzing was also represented in the bioeconomy platform, which closely accompanied the process. Both strategies (and action plans) are mutually interacting and are of high relevance to Lenzing as they cover two main points of the sustainability strategy. Thus, Lenzing is constantly contributing to the execution of the two strategies and is in exchange with the relevant stakeholders.

In 2024, textiles were the focus of the Austrian Circular Economy Strategy, was textiles with several events and consultation taking place. Lenzing participated in most of these activities (including the Textile Dialog hosted by ClimateLab), providing input on topics such as textile recycling or regulations. In the context of the Bioeconomy Strategy, Bioeconomy Austria is an important network for Lenzing as it has a strong focus on wood usage (in various areas) and links existing activities.

**Environmental Sustainability & Circularity Assessment Methodologies for Industrial Biobased Systems (ESCIB)**
Lenzing is a participant in the EU-funded project ESCIB (grant agreement no. 101135071) – Environmental Sustainability & Circularity Assessment Methodologies for Industrial Biobased Systems – which was launched in the beginning of early 2024. This project aims to develop crucial assessment methodologies that will help

[44] Disclaimer LIFE22-ENV-SE-TREATS – 101113614 is co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor the granting authority can be held responsible for them.

[45] LIFE (europa.eu)

[46] https://www.bmk.gv.at/themen/klima_umwelt/klimaschutz/biooekonomie/strategie.html

the European bio-based economy to perform faster and more accurate assessments of their value chains. Crafting standardized, life-cycle methodologies for sustainable assessments of bio-based systems at various technology-readiness levels (TRLs) is central to ESCIB's mission. This will help to further improve the sustainability of biobased products, reduce potential negative impacts and highlight the benefits of biobased products in comparison to fossil-based products. Lenzing is one of the industrial participants in the project, which provides use cases and plays a central role in testing and evaluating the developed methods. As the main use case from Lenzing is Lyocell™ filament, this project is closely linked to another EU-funded project.

**CELLulose lyocell FILaments (CELLFIL)**

Lenzing is a participant and the technical coordinator in CELLFIL (grant agreement no.101135042) – CELLulose lyocell FILaments as a scalable solution for circular textile production - which was launched in mid-2024. The starting point and main topic of this project is the lyocell filament TENCEL™ Luxe, which was developed by Lenzing over the last decade. CELLFIL now spans the whole value chain, starting from raw materials across various production steps and finally ending with the investigation of several selected applications. During the project, nine prototype products will be developed across three categories: performance wear, automotive textiles, and technical textiles and reinforcements. This process will involve designing, developing, and validating end-use textile applications that utilize optimized lyocell filament yarns and fabrics with enhanced recyclability. By covering the whole value chain, this project aims to develop solutions, that demonstrate that cellulose filaments can replace their fossil counterparts, which are dominating today's textile industry. Therefore, CELLFIL ultimately aims to transform the European textile value chain by developing sustainable, bio-based lyocell filaments. The project will drive innovation across the value chain by defining business models and strategies for market adoption by 2030, ultimately contributing to the development of a circular textile economy in Europe.

# Sustainable innovations

MANAGEMENT APPROACH

## Material topic: Sustainable innovations & products

[ESRS 2 MDR-A 68a; GRI 3-3]

Sustainability acts as a guiding principle for Lenzing's innovation and product development, which is driving systematic change across the textile and nonwoven industries. The continual improvement of existing products and production technologies builds business resilience and reputation, as well as facilitating the supply of products to value chain partners that contribute to the eco-credentials of their own portfolios. Life cycle thinking and the net-benefit concept present many opportunities for Lenzing to provide customers with a variety of more environmentally friendly solutions, such as biodegradable fibers for the manufacturing of agricultural and hygiene products.

### Positive actual impacts

- Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers (own operations, downstream value chain)

### Opportunities

- Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing (own operations, downstream value chain)
- Opportunity to help partners in the value chain achieve their circularity and recycling goals (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Sustainability Policy
- Policy on Safety, Health and Environment (SHE)
- Group Environmental Policy and Standard
- Global Supplier Code of Conduct
- Chemical Management Group Standard

### Actions taken [ESRS 2 MDR-A 68a]

- 1,115 patents and patent applications filed across 145 patent families and in 46 countries
- Sustainability drives innovation:
  - Fine and coarse hydrophobic lyocell fibers
- Net-benefit concepts:
  - Further extension of low-carbon fiber products with corresponding offsets of remaining emissions – fibers with climate action
  - TENCEL™ Modal with Eco Color technology and TENCEL™ Modal with Indigo Color technology (spun-dyed fibers)
- Research Collaborations:
  - Numerous R&D partnerships with customers, companies, universities, and institutes (national and international)
  - Lenzing contributing to leading multi-stakeholder initiatives

### Further actions (not described in more detail in the chapter)

- Every idea is evaluated regarding its sustainability impact such as GHG emissions – R&D projects will proceed only if predefined sustainability criteria are met

Sustainable materials & life cycle assessment (LCA)

- Further extension of LCA studies for standard and specialty fiber portfolio: lyocell update of all sites as well as LENZING™ ECOVERO™ REFIBRA™ - independently validated by third-party consultant QUANTIS
- Lenzing's fibers listed as "preferred fibers" in Textile Exchange's Preferred Fiber Report 2024
- Lenzing contributed to the Textile Exchange's Corporate Fibers and Materials Benchmark Program (CFMB), including the Biodiversity Benchmark - survey
- Continuation of cooperation with Cascale and its' Material Sustainability Index (MSI) – Lenzing provides yearly data updates in the database

### Sustainability targets

- "Near-term science-based target"
- "Long-term science-based net-zero target"
- "Wastewater" target
- "ZDHC lyocell" target
- "ZDHC viscose" target
- "FEM" target
- "Textile recycling" target
- "Circular Business Model" target

### Stakeholders

- Customers
- Regulatory bodies (national, European, international)
- NGOs, active in the field of (textile) sustainability, such as Canopy
- Associations and networks such as RCI, European Polysaccharide Network of Excellence (EPNOE) and the European Platform for the Future of Textiles and Clothing (Textile ETP)
- Technical and standardization committees
- Funding authorities (e.g. annual talk with FFG)
- Framework of the PRO² process for project management system
- Södra
- Wood K Plus
- Christian Doppler Laboratory
- Reducing Energy and Waste using AI (REWAI)
- Circular and Sustainable Textiles and Clothing (CISUTAC)
- Bilateral research
- Industry associations and initiatives

- Adaption of processes and interfaces between innovation teams and other departments according to the new organizational structure, to ensure continuation of close and efficient cooperation
- Development of a digital global production overview system to optimize resources and energy use for the production of pulp and fibers
- Cooperation between Södra and Lenzing in the field of textile recycling
- Lenzing is a partner in the Horizon Europe Circular and Sustainable Textiles and Clothing (CISUTAC) project
- Through CISUTAC, Lenzing participates in ECOSYSTEX, a community of 26 EU-funded projects focusing on textile sustainability that aims to ensure collaboration across project consortia
- Advancing the renewable carbon concept as a member of the Renewable Carbon Initiative (RCI)

**Responsible**

- CPO/CTO
- VP Innovation & Excellence
- VP Corporate Sustainability
- EVP Commercial Nonwoven
- EVP Commercial Textile
- SVP Global Supply Chain/Purchasing

**Supporting**

- Commercial Nonwovens and Textiles
- Global Strategy and M&A
- Global Engineering
- Operations
- Corporate Sustainability
- Global HSE
- Research & Development

Sustainable innovations represent one of the strategic focus areas of Lenzing's "Naturally Positive" sustainability strategy. Lenzing is committed to bringing cellulose-based solutions to the market that offer consumers more sustainable alternatives without compromising on quality and performance. Sustainable innovations include substantial efficiency improvements in existing technologies and technological breakthroughs that lead to net-benefit products. Lenzing's innovations also aim to drive systemic change through forward-looking solutions, future-proof business models and a multitude of collaborative activities. The implementation of digital tools and solutions further drive innovation towards greater transparency of businesses processes and products. For more information, please see the "Transparency" chapter.

Innovation within the Lenzing Group is represented in various organizational units. Its application and related product development form part of dedicated groups within the business segments of Textiles and Nonwovens. Technological development (for both pulp and fiber) and more fundamental research is located in the Global Innovation department. Global and commercial innovation teams closely interact and incorporate the ideas of everyone within Lenzing, with all employees invited to initiate or contribute to innovation projects.

[ESRS 2 MDR-A]
Due to restructuring in some parts of the organization, a straight comparison of the R&D expenditure with former years is not completely feasible. In 2024, R&D expenditure, calculated according to the Frascati method (minus funding received), accounted for EUR 30.4 mn (2023: EUR 31.6 mn, 2022: EUR 34.8 mn). The 1,115 patents and patent applications (in 145 patent families) that Lenzing holds in 46 countries worldwide provide another indication of the Lenzing Group's innovativeness.

## Funding for sustainable developments

Sustainability criteria are becoming increasingly important as guidelines and requirements for R&D funding, both at the national and European levels. Lenzing, which has been active in this field for a long time, uses this opportunity to boost in-house developments. Furthermore, the Group is also active in cooperative research projects.

In 2023 and 2024, Lenzing stepped up its activities in the field of EU-funded projects, which are also useful for networking and building new cooperations. Lenzing is now a research project partner in CISUTAC, LIFE-TREATS (Textile Recycling in Europe at Scale), ESCIB (Developing environmental sustainability & circularity assessment methodologies for industrial bio-based systems) and CELLFIL. In the LIFE TREATS project, Lenzing collaborates with its long-term partner Södra. For more information on the collaboration with Södra, please see the "Resource use and circular economy stakeholder engagement" section in the "E5 Resource Use and circular Economy" chapter. CELLFIL engages sustainability aspects of a lyocell filament value chain, with Lenzing as one of the partners and technical coordinators. Several other proposals are pending. For more information, please see the "Research collaborations" section in this chapter.

Resource- and energy-efficient production processes (including R&D infrastructure) are the foundation for the development of new innovations that offer both sustainability and performance. These fibers serve as raw materials for the textile and nonwoven industries, and are often developed together with value chain partners or other stakeholders, mostly for tailoring new fiber products to specific applications.

## Policies

[ESRS 2 MDR-P]

The Sustainability Policy addresses the following positive impact and opportunities: Positive impact on the downstream value chain achievement for their climate related goals by providing low-carbon fibers; Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing; Opportunity to help partners in the value chain achieve their circularity and recycling goals. For more information on the ESRS 2 MDR-P of the Sustainability Policy, please see the "Sustainability strategy" section in the "ESRS 2 General disclosures" chapter.

The Policy on Safety, Health and Environment (SHE) addresses the following positive impact and opportunity: Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers; Opportunity for Lenzing as a sustainability leader in pulp and fiber manufacturing. For more information on the ESRS 2 MDR-P of the Policy on Safety, Health and Environment (SHE), please see the "Policies" section in the "E2 Pollution" chapter.

The Group Environmental Policy and Standard addresses the following positive impact and opportunity: Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers; opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing. For more information on the ESRS 2 MDR-P of the Policy on Safety, Health and Environment (SHE), please see the "Policies" section in the "E2 Pollution" chapter.

The Supplier Code of Conduct addresses the "Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers". For more information on the ESRS 2 MDR-Pof the Supplier Code of Conduct, please see the "Policies" section in the "G1 Business conduct" chapter.

The Chemical Management Group Standard addresses the "Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing". For more information on the ESRS 2 MDR-P of the Chemical Management Group Standard, please see the "Policies" section in the "E2 Pollution" chapter.

## Metrics and targets

[ESRS 2 MDR-T]

Lenzing's innovation portfolio addresses key topics for the future. Sustainable innovations and proactive partnerships form the basis of Lenzing's strategic efforts to green the value chain. Sustainability targets for air emissions, water emissions, pollution, climate protection and circular economy are the cornerstones of Lenzing's responsible entrepreneurship, and act as innovation drivers.

The "Positive impact on downstream value chain partners by supporting the achievement of their climate related goals by providing low-carbon fibers" is addressed via Lenzing's science-based targets that aim to reduce GHG emissions. For more information on the ESRS 2 MDR-T of the "Near-term science-based target" and the "Long-term science-based net-zero target", please see the "Metrics and targets" section of the "E1 Climate change" chapter.

The "Wastewater", "ZDHC lyocell", "ZDHC viscose" and the "FEM" targets contribute to realizing the "Opportunity for Lenzing as sustainability leader in pulp and fiber manufacturing" with low environmental and social impacts due to low emission products. For more information on the ESRS 2 MDR-T of the targets please see the "Metrics and targets" section of the "E2 Pollution" chapter.

The "Opportunity to help partners in the value chain achieve their circularity and recycling goals" is addressed by the "Textile recycling" target and "Circular Business Model" target, which are described in more detail (ESRS 2 MDR-P) in the "Metrics and targets" section of the "E5 Resource use and circular economy" chapter.

## Sustainability drives innovation

[ESRS 2 MDR-A]

Sustainability acts as a guiding principle for innovation and product development. Every process, product or application innovation is evaluated for sustainability from the very beginning. Key considerations include the life cycle perspective and the net-benefit principle over the entire value chain, which are implemented in the project management processes used by the company.

### Fine and coarse hydrophobic lyocell fibers

The nonwovens business of Lenzing successfully continued its development approach in 2024 to offering alternatives to synthetic fibers, supporting the industry's transition to 100 percent cellulose solutions. Lenzing expanded its range of fibers that mimic some performance characteristics of synthetic fibers, such as strength and hydrophobicity. The introduction of fine (1.3 decitex (dtex)) and coarse (6.3 dtex) hydrophobic lyocell fibers increases the design possibilities for 100 percent cellulose products, as the fiber titer has a significant influence on the final product properties.

The fiber family of hydrophobic lyocell allows the intensified use of cellulose fibers in absorbent hygiene products. These fibers retain important properties such as compostability under home and industrial conditions and biodegradability in soil, while offering new liquid management capabilities. They offer an alternative to traditional synthetic fibers in these applications. In addition, the new cellulose fibers provide increased softness, which will benefit future product developments in skin contact applications such as hygiene products or wipes.

### Waterless dyeing technology for regenerated cellulose fibers

In 2024, the Lenzing Group partnered with technology start-up Exponent Envirotech to introduce ECOHUES™, a waterless dyeing technology for regenerated cellulose fibers. Through the collaboration with Lenzing, ECOHUES™ will be applied to TENCEL™ branded lyocell and modal fibers as well as LENZING™ ECOVERO™ branded viscose fibers for the first time. The innovative waterless dyeing technology is characterized by a recyclable, non-aqueous solvent that reduces water and dye usage by 95 percent and 40 percent[47] respectively.

**Partnership for new environmentally friendly shoe materials**
In the reporting year, Lenzing also partnered with leather alternative expert Recyc Leather and introduced Pélinova®, an innovative material that fuses TENCEL™ lyocell fibers and recycled leather fibers for high-end fashion applications. Pélinova® is created through a process, that involves collecting pre-consumer recycled leather and hydro-jetting the leather fibers into TENCEL™ lyocell fibers. The combined efforts between Lenzing and Recyc Leather result in a material which is supple, flexible, and durable, with a low environmental impact utilizing less water than traditional methods and reducing GHG-emissions.

# Net-benefit concept

[ESRS 2 MDR-A]

Lenzing's net-benefit products offer positive impacts and benefits to the environment, society and value chain partners to a greater extent than most competing alternatives in the market. Net-benefit products take a life cycle perspective and therefore include both upstream and downstream value chain processes. Customers can replace resource-intensive products with Lenzing's alternatives, thereby improving their product footprint and reducing supply chain risks. Lenzing attained a speciality / net-benefit fiber share (based on revenue) of 92.6 percent in 2024.

The three strategic principles of the "Naturally Positive" sustainability strategy and the underlying focus areas are combined in the net-benefit concept.

Following Lenzing products and technologies were in place and offered to customers in 2024, with no explicit end date.

## Products and technologies with a net-benefit

**LENZING™ ECOVERO™ Viscose fibers and VEOCEL™ Viscose fiber**
LENZING™ ECOVERO™ branded viscose (for textiles) and VEOCEL™ viscose fibers (for nonwovens) show a 50 percent reduction in greenhouse gas emissions and water impact compared to generic viscose (according to Higg MSI[48]).

**TENCEL™ Modal with Eco Color technology and TENCEL™ Modal with Indigo Color technology**
Fibers involving these technologies directly incorporate pigments during fiber production and, therefore, help to avoid downstream and energy-intensive conventional dyeing processes. A fabric made from these fibers generates 60 percent less greenhouse gas emissions than conventionally dyed fabrics[49].

First launched in 2021, TENCEL™ Modal Color has been established as the solution to address the demand for spun-dyed fibers among brands and retailers. In 2022, TENCEL™ Modal fiber with Indigo Color technology won the International Textile Manufacturers Federation (ITMF) Award for Sustainability and Innovation.

**Enhancing mechanical textile recycling**
Besides having a strong focus on chemical recycling, Lenzing, together with its partners, is also active in mechanical recycling. In this process, textiles are broken down into the individual fibers as far as possible. However, the fiber quality usually suffers, the fibers are severely shortened and also lose performance, e.g. strength, depending on the waste stream (pre-consumer, post-consumer, post-industrial). These are reasons why, according to the current state of the art, mechanically recycled fibers require carrier fibers to become spinnable.

In one project, mechanically recycled cotton from post-consumer denim products was blended, spun and knitted with LENZING™ Modal Indigo, a spun-dyed LENZING™ Modal fiber. Several benefits were found, such as no perceptible yellowing of the indigo dyed cotton or very good abrasion resistance, which is an indication of durability.

**Lenzing fibers with recycled content – REFIBRA™**
LENZING™ ECOVERO™ fibers produced with REFIBRA™ technology use cotton textile waste as a raw material, in addition to wood. The fibers contain a minimum of 20 percent recycled material, which is sourced from pre- and post-consumer textile waste. The cotton scraps may have otherwise entered landfills or been incinerated. LENZING™ ECOVERO™ fibers produced with REFIBRA™ technology also meet the Recycled Claim Standard[50].

The reuse of waste materials represents an important contribution to the circular economy in the textile industry. In pioneering the usage of recycled content in the production of cellulose fibers, Lenzing has applied its strong know-how to help the industry take a big step forward. REFIBRA™ technology is not only built upon the highly efficient production processes of standard LENZING™ ECOVERO™ fibers, but also further reduces the need for virgin raw materials.

**TENCEL™ Luxe filaments**
The TENCEL™ Luxe branded lyocell filament aims to become a key milestone for eco-couture fabrics in the premium and luxury markets. The closed-loop lyocell production process ensures a low environmental impact compared to the viscose and modal processes. This is due to low process water and energy use and raw materials consumption, as well as state of the art recovery systems. TENCEL™ Luxe branded filaments produced with the Eco Filament technology avoid conventional yarn spinning, which is energy-intensive and predominantly based in regions that rely heavily on fossil-based electricity. For example, at the industry level, yarn spinning processes contribute to about 30 percent of total GHG emissions in the textile value chain (excluding use phase).[51]

[47] When compared to conventional water-based dyeing processes.
[48] Based on Higg MSI database v3.9 (Oct. 2024).

[49] Terinte, N., Manda, B.M.K., Taylor, J., Schuster, K.C. and Patel, M. (2014). Environmental assessment of coloured fabrics and opportunities for value creation: spin-dyeing versus conventional dyeing. In: Journal of Cleaner Production 72, pp. 127–138; Textile processing steps being similar for Modal and Viscose, therefore savings are based on calculations of fabric production and dyeing via jet dyeing excl. fiber impact.

[50] Certified by Control Union Shanghai (CU1260548)
[51] https://quantis.com/wp-content/uploads/2018/03/measuringfashion_globalimpactstudy_full-report_quantis_cwf_2018a.pdf

**Fibers with climate action**

Lenzing launched additional low-carbon TENCEL™ and VEOCEL™ branded lyocell and TENCEL™ branded modal fibers for applications in the textile and nonwoven industry. Based on the concept of reduce-engage-offset, Lenzing has focused on low carbon emissions through various reduction actions and has balanced the remaining carbon emissions of these fibers through carbon compensation projects. The new fibers are certified by ClimatePartner in accordance with the Greenhouse Gas Protocol, the leading global framework for measuring carbon emissions. All selected and supported climate and forest protection and afforestation projects are certified according to Gold Standard VER or Verified Carbon Standard.

For details of projects supported by Lenzing in 2022 – 2024, please see the following ClimatePartner ID Tracking pages:

- ClimatePartner projects/TENCEL™ branded fibers
- ClimatePartner projects/VEOCEL™ branded fibers

For 2024/25, Lenzing will continue to support and use offset credits from a broad mix of projects such as:

1. Wind energy in Thailand/West Huaybong
2. Geothermal energy in China/Changdao
3. Solar energy in India/ Uttar Pradesh, Karnataka & Maharashtra
4. Biogas in India/Punjab
5. Afforestation in China/Anlong
6. Forest protection in Brazil/Labrea

**LENZING™ Nonwoven Technology**

The LENZING™ Nonwoven Technology (formally Web Technology) is an innovative R&D technology platform that allows a wide range of novel sustainable nonwoven materials to be produced from the raw material wood. The patented nonwoven web formation process – Lenzing holds more than 25 patent applications – starts by dissolving wood pulp and subsequently produces a directly formed cellulose nonwoven fabric made of 100 percent continuous lyocell filament. This technology enables combined fiber and nonwoven production and sets new standards for the efficiency, circularity and ecological sustainability of cellulose nonwoven fabrics. The flexibility of this technology and possible integration with other nonwoven technologies will enable the development of a wider range of new cellulose materials and composite structures for highly engineered end use applications.

**Total chlorine free fiber production**

Viscose has been produced at the Lenzing site (Austria) for years using totally chlorine free (TCF) bleached pulp and a production process without the use of chlorine chemistry, therefore qualifying the viscose fibers as TCF fibers. The required TCF pulp is produced at the Lenzing site. Pulp production at Indianópolis (Brazil) plays a pivotal role in extending the TCF fiber production to other plants/production sites. Successful TCF viscose fiber trials have been performed in the viscose plant at Purwakarta (Indonesia). Hence, TCF viscose fibers are now available at this site. The TCF fiber portfolio was further expanded by offering the first TCF lyocell fiber worldwide. This allows Lenzing to offer more TCF fibers, thereby supporting customers in offering more TCF products to the market and reducing the usage of aggressive chemicals even further.

**Pulp**

Dissolving wood pulp is the raw material for Lenzing's fibers and is predominantly produced in the company's own biorefineries[52]. Lenzing's biorefinery processes ensure that 100 percent of the wood is used to produce dissolving wood pulp for fiber production, biorefinery products and bioenergy. All the pulp produced at Lenzing pulp production sites is totally chlorine free. For more information, please see the "Resource inflows" section of the "E5 Resource use and circular economy" chapter.

**Lyocell**

Lyocell fibers from Lenzing are derived from the renewable raw material wood and produced in a closed-loop process, which transforms wood pulp into cellulose fibers with high resource efficiency and low ecological impact. This solvent-spinning process recycles process water and reuses the solvent at a recovery rate of more than 99.8 percent. Lenzing's lyocell fibers have more than 50 percent lower greenhouse gas emissions than generic lyocell (according to Higg MSI[53]).

**Modal**

At the Lenzing (Austria) site, modal fibers are produced using an integrated production process in which the raw material pulp is manufactured at the same site as the fiber itself. Pulp production is energetically self-sufficient while supplying a significant amount of bioenergy for the entire fiber production process at the production site. Lenzing's modal fibers therefore generate around 70 percent less GHG emissions in production than generic modal fibers (according to Higg MSI[54]).

**LENZING™ Acetic Acid Biobased**

Lenzing's biorefinery technology converts wood into pulp, energy, and biobased biorefinery products. One of the biobased biorefinery products is LENZING™ Acetic Acid Biobased, which is also available as low-carbon alternative to conventional fossil-based acetic acid, substantiated by a study conducted by an independent LCA consultant.

## Process innovations drive efficiency and sustainability

Process innovations focus on improvements to pulp and fiber production processes. Ongoing developments in pulp production aim to enhance the biorefinery concept, thereby optimizing wood consumption. Another issue is the reduction of sulfur emissions through technological improvements and aftertreatment systems. These measures allow effective cleaning of the exhaust gases as well as compliance with (or levels that surpass) the emission regulations.

The foundation for sustainable innovations is the use of highly sophisticated production processes for pulp (including biorefinery products) and fibers (viscose, modal and lyocell). The lyocell tech-

[52] In addition to its own dissolving wood pulp production, Lenzing procures dissolving wood pulp in the global market.

[53] Based on Higg MSI database v3.9 (Oct. 2024)

[54] Based on Higg MSI database v3.9 (Oct. 2024)

nology platform has already been expanded to include the production of additional materials, namely filament and direct-spun web. A number of new innovations have been developed in recent years that have not only significantly improved the lyocell process in terms of efficiency and quality but also reduced energy, water and process chemical consumption, thereby further improving the lyocell process.

Although Lenzing's headquarters are in Central Europe, the group operates multiple production sites all over the world. Driven by European legislation on the one hand and market demand for higher standards related to environmental impact and product sustainability on the other, Lenzing continued its efforts to meet European standards in 2024, at both its European production sites and global locations.

Apart from product development, Lenzing also focuses on operational improvements to remove water from different process streams more efficiently compared to standard evaporation technologies, which are very energy-intensive. Such technology upgrades contribute to a further reduction in energy consumption and therefore the carbon footprint as well as other impacts related to fiber production. In addition, other projects are ongoing to improve chemical consumption.

These activities are accompanied and supported by simulation and modeling. In the near future, Lenzing is planning to significantly enhance its textile recycling activities, which is a very challenging task that includes the production of recycling pulp as well as the handling of recycling pulp processability in different fiber production processes. Success requires a holistic approach ranging from pulp to fiber production and to final applications in textiles and nonwovens.

One current focus is boosting biorefinery integration at Lenzing's pulp sites and therefore increasing the use of the raw material wood. Several projects related to pulp production deal with the closure of loops (e.g. selective sulfur dioxide adsorption, increased caustic soda recovery) and the reduction of wastewater (e.g. sulfate in pulp and viscose fiber production). Increasing energy efficiency and reducing carbon emissions are other topics of growing importance.

## Alternative sources of raw materials for fiber production

Any plant-based material can potentially serve as a source of cellulose to make dissolving pulp for fiber production. Lenzing has undertaken extensive research into many different alternative non-wood cellulose sources. In its research, Lenzing identifies promising new cellulose sources and carefully considers their availability, technical feasibility and economic scalability, as well as the overall ecological impact with respect to Lenzing's climate targets and circularity approach.

Studies have been conducted on sources, including annual plants such as hemp, straw and bamboo. In general, annual plants have a higher growth rate per hectare than trees. Additionally, certain species have a higher cellulose content. Some of them are already available in large quantities, especially in the form of agricultural waste. This allows an attractive cellulose yield per hectare to be achieved; however, the feasibility of any alternative raw material has to be assessed on a case-by-case basis.

Based on current data, large-scale production of cellulose is still best conducted using wood from well-managed forests. The process for isolating cellulose from wood is well implemented and optimized regarding energy, chemicals and process steps. By-products can be extracted during pulp production and excess material is burned for heat and energy production, which does not necessarily apply for alternative cellulose sources.

As an innovative company, Lenzing aspires to find new solutions, and looks beyond the immediate horizon. Limited edition fibers made with pulp from alternative sources such as orange residues or hemp have been successfully produced in the past. Within the framework of the INGRAIN innovation alliance, a development project together with RWTH Aachen and other partners is ongoing. Furthermore, Lenzing is in dialog with manufacturers of pulp from alternative cellulose sources and is evaluating their suitability. Academic collaborations aim for even more exotic cellulose sources, such as macrophytes (aquatic plants growing in or near water), which are still at a very low level of technology readiness.

The development of other new sources of non-wood-based cellulose in the future will require targeted research into the ecological and economic aspects of industrial production as well as increased cooperation. A number of challenges need to be addressed and are described in more detail below.

**Availability**
Alternatives such as bamboo, straw, and various annual plants do not yet meet large-scale industry needs in terms of availability in the required quality and quantity. Many sources from annual plants are only available in the harvesting season and are difficult to store for year-round use. Despite specific benefits and high annual growth per hectare, the material is very bulky and more costly to transport.

**Environmental sustainability**
The conversion of forest to agricultural land for annual plants is a worldwide phenomenon that increases pressure on all kinds of forests.

Another important factor in the performance of annual plants is the management of the agricultural areas. Highly productive sites need far more fertilizers and pesticides than forests, causing other environmental issues. For example, the overall environmental profile of large-scale bamboo plantations is known to be unsatisfactory.

When considering processing, important factors that affect the environmental impact include energy consumption and the use of process chemicals in pulp production. They depend heavily on the actual process and vary significantly from one annual plant to the next.

**Technical feasibility**
Lenzing's biorefinery process is optimized for certain wood species as raw material. This keeps quality and efficiency high and yields bioenergy as a by-product. Non-wood feedstocks certainly lead to less bioenergy, hence requiring additional energy sources and resulting in higher process emissions.

Annual plants contain more mineral components and organic substances that have to be removed to produce high-quality dissolving pulp. This purification process typically requires the use of aggressive chemicals and causes waste issues. It is a big challenge to develop technologies for these materials while maintaining product quality and ecological safety. On the other hand, in woody plants such as trees, these components are mainly concentrated in the bark, which is easily removed in the first stage of the process. For more information, please see the "Wood & pulp" focus paper.

## Research collaborations

[ESRS 2 MDR-A, GRI 3-3f]

In 2024, Lenzing Group has numerous ongoing long-term research collaborations with customers, companies, universities, and institutes (both national and international) and contributes to leading multistakeholder initiatives. For specific details on collaborations with each stakeholder, please refer to the descriptions under each respective stakeholder.

**Christian Doppler Laboratory**
Lenzing is also a partner in two Christian Doppler Laboratories. One, led by the Vienna University of Technology, investigates an efficient, recycling-based circular economy and aims to provide the scientific knowledge base for efficiently recovering secondary raw materials from different municipal solid waste streams. A second Christian Doppler Laboratory, which was launched in 2023, is situated at the University of Natural Resources and Life Sciences (BOKU) in Tulln (Austria). It deals with the sustainable production of high-tech materials from cellulose. Lenzing uses the partnership with the Christian Doppler Laboratory to investigate chemical reactions during the lyocell fiber production. This will enables deeper insight and better understanding of the process allowing for improved process control.

**Wood K Plus**
For more information on the collaboration with Wood K Plus, please see the "Biodiversity and ecosystems stakeholder engagement" section of the "E4 Biodiversity and ecosystems" chapter.

**Reducing Energy and Waste using AI (REWAI)**
This national funded project (within the AI4Green program) aims to reduce the carbon and material footprint of the textile industry by reducing energy and material consumption. Together with partners Pro$^2$Future, University of Linz and Graz University of Technology reliable, trustworthy and energy-efficient AI solutions for industrial processes analysis are being developed. These will be capable of forecasting and anomaly-spotting, and will empower human operators to make informed and more timely decisions on near real-time data relating to continuous processes.

**Renewable Carbon Initiative (RCI)**
For more information on the collaboration with RCI, please see the "Climate change stakeholder engagement" section of the "E1 Climate change" chapter.

**Circular and Sustainable Textiles and Clothing (CISUTAC)**
For more information on the collaboration with CISUTAC, please see the „Resource use and circular economy stakeholder engagement" section of the "E5 Resource use and circular economy" chapter.

**CELLulose lyocell FILaments (CELLFIL)**
For more information on the collaboration with CELLFIL, please see the „Resource use and circular economy stakeholder engagement" section of the "E5 Resource use and circular economy" chapter.

**Environmental Sustainability & Circularity Assessment Methodologies for Industrial Biobased Systems (ESCIB)**For more information about ESCIB, please see the „Resource use and circular economy stakeholder engagement" section of the "E5 Resource use and circular economy" chapter.

**Bilateral research**
Bilateral research is also important to Lenzing's approach to scientific collaboration. Noteworthy examples include its collaboration with the Scripps Institution of Oceanography, University of California San Diego (USA) on the biodegradability of cellulose-based materials in the maritime environment (for more information, please see the "End of product use" focus paper).

**European Polysaccharide Network of Excellence (EPNOE)**
Lenzing is also active in scientific networks such as the EPNOE and in supporting research projects, by providing input and engaging in discussions. Lenzing's R&D experts also participate in relevant conferences and have given several talks or have been part of panel discussions with a focus on sustainability, biodiversity and recycling.

**Industry associations and initiatives**
Industry associations and initiatives are also an important cornerstone for deepening cooperations and developing new networks – again with a very strong focus on sustainability. The European Technology Platform for the Future of Textiles and Clothing (Textile ETP), of which Lenzing is a member, is a very active player in this field. In 2024 Lenzing also became a member of the Bio-Based Industries Consortium, which has more than 550 members from various fields related to biobased materials. Lenzing will use this membership to expand its network and to further boost the transition towards a circular bio-based industry.

# ESRS S1 Own workforce

MANAGEMENT APPROACH

## Material topic: Human rights & fair labor practices

[ESRS 2 MDR-A 68a; GRI 3-3]

Diversity, inclusion and respect are core pillars of a talent strategy designed to attract and develop people from all backgrounds. A committed and empowered workforce is critical to business success, and Lenzing acts to provide equal opportunities for employment, learning and development. The company seeks to create an open-minded and inclusive environment by proactively fostering ethical ways of working in compliance with high internal standards, as well as principles outlined by international regulatory bodies. Lenzing continues to adhere to and uphold human rights and fair labor practices in all aspects of the global working environment.

### Negative actual impacts

- Gender equality and equal pay for equal work: Negative impact on gender equality and equal pay for equal work (own operations)

### Negative actual and potential impacts

- Work-life balance: Negative impact on the workforce if there is a lack of work-life balance (own operations)

### Negative potential impacts

- Measures against violence and harassment in the workplace: Negative psychological impact on employees if harassment in the workplace takes place (own operations)
- Diversity: Negative psychological impact on employees if diversity is not supported (own operations)

### Positive actual impacts

- Work-life balance: Positive impact on the workforce through various working time models, benefits and leaves (own operations)
- Diversity: Positive impact on diversity through diversity-promoting measures (own operations)

### Risks

- Training and skills development: Risk of a recline in productivity through insufficient quality in succession planning (own operations)

### Risks and Opportunities

- Secure employment: Risk and opportunity for being an attractive employer through (non-) transparent communication (own operations)

### Opportunities

- Secure employment: Opportunity to be listed as a preferred supplier for customers (own operations)
- Diversity: Opportunity to drive innovation and performance with diversity (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Policy on Human Rights and Labor Standards
- Global Equity, Diversity & Inclusion Policy
- Global Code of Business Conduct
- Policy for Safety, Health and Environment
- Clean & Hygiene Standards
- Communication Guideline

### Actions taken [ESRS 2 MDR-A 68a]

- 3rd party audits on social sustainability topics conducted for several sites
- Performance and talent management processes for all white-collar employees
- Focus on digital learning through a globally available catalog of over 220 optional eLearning courses in German, English, Portuguese and Chinese
- Women's Empowerment Principles signed by new CEO
- Re-launch of the Equity, Diversity and Inclusion (EDI) Policy supported by explainer videos in all languages
- Launch of Employee Resource Group (ERG) PrideAlliance@Lenzing
- Eye-to-eye partner for local unions, works councils, and other workforce representatives
- Whistleblower system and investigation directive

**Further actions** (not described in more detail in S1-4 or referenced chapters in S1-4)

- Activities by Women@Lenzing, Multicultural@Lenzing and PrideAlliance@Lenzing ERGs
- Flexible working hours and working from home

### Sustainability targets

- "Social standard" target
- "Equity, Diversity and Inclusion" target
- "Succession planning" target

### Stakeholders

- Employees
- Customers
- Local communities
- Rating agencies
- Brands & retailers
- Certification bodies
- Suppliers

### Responsible

- CEO
- SVP Corporate Human Resources

- Life Saving Rules Guidelines
- Global Salary Administration Guidelines
- Global Learning & Development Guideline
- Global Performance Management Guideline
- Global Child Labor Remediation Procedure
- Modern Slavery Act Transparency Statement (UK only)
- Corporate Sustainability

### Supporting

- Corporate Communications & Public Affairs

MANAGEMENT APPROACH

# Material topic: Health & safety

[ESRS 2 MDR-A 68a; GRI 3-3]

The Lenzing Group strives to ensure that its employees work in a safe environment, which meets or exceeds relevant regulatory expectations, addresses health and safety concerns as they arise and mitigates opportunities for the recurrence of incidents. This guiding principle extends to visitors, contractors and communities local to our sites.

### Negative potential impacts

- Health and safety: Potential negative impact due to the working environment on health and wellbeing of Lenzing's workforce (own operations)

### Positive actual impacts

- Health and safety: Positive impact on the workforce through risk management, trainings, health measures and services (own operations)

### Risks

- Health and safety: Risk of a potentially poor working climate leading to employee turnover or reduce their productivity (own operations)

### Opportunities

- Health and safety: Opportunity for an engaged and productive workforce by providing a safe work environment (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the “Material impacts, risks and opportunities” section of the “ESRS 2 General disclosures” chapter.

### Policies

- Policy on Human Rights and Labor Standards
- Policy for Safety, Health and Environment (SHE)
- Global Code of Business Conduct
- Life-Saving Rules Guideline
- Clean & Hygiene Standards

### Actions taken (Sections “Health and safety actions” and “Health and safety at Lenzing”) [ESRS 2 MDR-A 68a]

- ISO 45001:2018 certification
- Management of risk processes
- Health care at Lenzing’s production facilities
    - Provision of health services
- Safety trainings
    - Regularly held safety webinars
- Health promotion
    - Employee Assistance Program
    - eMotion program with “Moveeffect” app

**Further actions** (not described in more detail in Health and safety actions and Health and safety at Lenzing)

- Health guiding principle (“House of Health”)
- Regular Global HSE meetings with management review
- Regular meetings of health and safety committees at every production site
- Safety, Health & Environment Action Reporting System (SHEARS)
- Safety Walks and Talks

### Sustainability targets

- “Health (TRIFR[55])” target

### Stakeholders

- Customers
- Employees
- Contractors
- Local communities
- Certification bodies

### Responsible

- Managing Board
- VP Global HSE
- SVP Corporate Human Resources
- Senior leadership roles
- Health & safety is a shared responsibility across all layers of the organization

### Supporting

- Corporate Communications & Public Affairs

[55] TRIFR refers to the number of total recordable injuries occurring in a workplace per 200,000 working hours.

# Strategy

[ESRS S1 ESRS 2 SBM-2]

## Managing social sustainability

In its “Better Choices” corporate culture, the Lenzing Group places a high priority on people as a strategic focus, forming an integral part of its holistic sustainability approach. It is increasingly viewed as a compliance topic within the industry. For information on Lenzing’s strategy in relation to its own workforce, please see the “Stakeholder own workforce and strategy” section in the “ESRS 2 General disclosures” chapter.

# Impact, risk and opportunity management

[ESRS S1 ESRS 2 SBM-3]

Impacts, risks and opportunities management in relation to Lenzing’s own workforce is firmly connected to its “Better Growth” business strategy, which comprises the elements of sustainability, innovation, excellence and premiumization. For example, there is proof that diversity fosters innovation, a good work-life balance contributes to excellence and (social) sustainability efforts contribute to a trustworthy brand. For information on the general double materiality process, please see the "Double materiality analysis" section in the "ESRS 2 General disclosures" chapter.

The Lenzing Group is committed to conducting business in a manner that respects the rights and dignity of all people. This is supported by an internal risk and opportunity assessment based on Lenzing’s materiality analysis. All members of Lenzing’s own workforce, who could be materially impacted by its undertakings are included in the analysis. Lenzing’s own workforce includes its employees and a small fraction of leasing personnel and self-employed people as non-employees.

**Impacts**

Most material negative impacts are incidental, and only three material negative impacts are systemic. The results of the materiality assessment show that diversity, harassment and inclusion of people with disabilities are systemic negative impacts. Please see the “Management Approach” of this chapter for a short description of the impacts, risks and opportunities.

Lenzing’s own workforce is positively impacted by Lenzing’s working conditions, particularly by work-life balance and health and safety measures. Lenzing’s focus on “equal treatment and opportunities for all” also has positive impacts on Lenzing’s employees, by providing opportunities for training and skills development as well as encouraging the employment and inclusion of persons with disabilities in Lenzing’s own activities and celebrating diversity. For details of activities and actions that result in the positive impacts, please see the respective sections in the “Health and safety management”, “Actions learning and development”, “Actions Equity”, “Diversity & Inclusion” chapters.

**Risks and opportunities**

Offering good working conditions to employees is linked to several opportunities for Lenzing. Putting the health and safety of Lenzing’s workforce at the forefront is an opportunity for Lenzing to have an engaged and productive workforce, generate more customers through social standards and certificates as well as a good reputation for the company. On the other hand, if health and safety is not taken seriously, Lenzing risks losing its good company climate.

Lenzing emphasizes the equal treatment of all employees and offers opportunities for all employees through training and skills development. Training and skills development is one of Lenzing’s priorities. Not driving the equal treatment of all employees and offering opportunities for all employees through training and skills development can result in a risk of a lack of qualified employees and to employee retention as well as succession planning. Lenzing also recognizes that diversity is an opportunity for innovation as several studies suggest that a more diverse workforce leads to higher innovative power.

Lenzing's sites in Asia, South America, Eastern Europe and Eurasia are generally exposed to an increased risk of child labor and forced labor at the country risk level. Preventive measures are taken, as shown by Lenzing's Policy of Human Rights and the Global Child Labor Remediation Procedure. Lenzing consequently ensures annual audits by the Higg Facility Social & Labor Module (FSLM) to minimize this risk. Due to a lack of available auditors verified by SLCP, the Paskov (Czech Republic), Lenzing (Austria) and Heiligenkreuz (Austria) sites carried out the self-assessment in 2024, but were not able to complete the entire verification process. For information on the Human Rights policy, please see the “Policies” section of this chapter. For more information on FSLM, please see the “Social audits" section of this chapter.

As Lenzing is a manufacturing company, blue-collar workers are exposed to higher health and safety risks than white-collar workers, which is reflected in the injury rate. Therefore, the material opportunity of having a good reputation regarding health and safety is related to blue-collar workers. The "diversity drives innovation and performance" opportunity addresses people who contribute to a diverse workforce.

## Policies

[ESRS S1-1; GRI 2-23, 2-25, 3-3c]

The policies and guidelines listed in the Management Approach “Human rights and fair labor practices” apply to the entire Lenzing Group. The policies and guidelines are accessible to all employees via the intranet and are also sent by e-mail.

The United Nations Global Compact (UNGC) is one of the world’s most important initiatives 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.

In the Policy for Human Rights and Labor Standards, the Global Equity, Diversity and Inclusion Policy and the Modern Slavery Act

Transparency Statement there are connections to relevant internationally recognized instruments. For the specific connections, please see the description of each policy.

Lenzing engages with its own workforce through regular and varied communication about strategy, goals and policies. For more information, please see the “Communication” section of this chapter.

Lenzing explicitly addresses human trafficking, forced or compulsory labor, and child labor through the Lenzing Global Code of Business Conduct, which prohibits these practices and ensures compliance with local legal requirements regarding the minimum age for employment. For more information on the ESRS 2 MDR-P of the Global Code of Business Conduct, please see the “Policies” section of the “G1 Business conduct” chapter.

Lenzing has a Policy for Safety, Health, and Environment (SHE) that emphasizes protecting people and the environment as core corporate values. For more information on the ESRS 2 MDR-P of the SHE Policy, please see the “Policies” section of the “E2 Pollution” chapter. All manufacturing sites are certified to ISO 45001. This Occupational Health and Safety Management Certification, covering employees and contractors, provides the framework for identifying, controlling and mitigating risks associated with workplace health and safety.

Lenzing is committed to inclusion which is addressed in its Equity, Diversity, and Inclusion Policy. It focuses on ensuring the equality of opportunity, respect, and a discrimination-free environment for all employees, including those from vulnerable groups.

There were no formalized procedures to prevent, mitigate and combat discrimination in the reporting year. However, Lenzing is aware of the importance of discrimination and is currently trying to develop procedures on this topic.

**Policy on Human Rights and Labor Standards**

The Lenzing Group views its employees and its social responsibilities towards them as its highest priority. This policy confirms the company’s commitment to fulfilling, and wherever possible, exceeding all applicable social and ethical obligations across its entire global network. This commitment extends to Lenzing’s sphere of influence. Including its suppliers, who are also expected to uphold the same high standards. Lenzing fully supports all internationally recognized human rights and the principles set out in the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the fundamental labor principles protecting workers´ rights as defined in the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).
The fundamental labor principles include:

- The prohibition of child labor
- The prohibition of forced labor (including prison labor, indentured servitude and slavery)
- Freedom of association and the right to collective bargaining
- Fair compensation and working hours
- Safe and healthy workplaces
- Protection from discrimination, harassment and inhumane treatment

Lenzing believes in employee satisfaction and wellbeing as well as fostering compliance on a regular basis with standards through training programs and risk-based auditing programs for suppliers. The Senior Vice President Corporate Human Resources is accountable for the implementation of this policy.

Lenzing is committed to identifying, preventing, mitigating and remediating adverse human rights impacts related to its operations and business relationships. Lenzing provides appropriate remedies for human rights impacts to affected individuals, employees and local communities, including indigenous peoples, through both judicial and non-judicial mechanisms. Violations can be reported by employees, customers, suppliers, communities and other third parties in person or through the electronic system on the website (“Tell us”). Compliance with human rights is essential and non-negotiable for the Lenzing Group.

The Policy on Human Rights and Labor Standards addresses the following impacts, risk, opportunities: Opportunity to be listed as a preferred supplier for customers; Positive impact on the workforce through risk management, trainings, health measures and services; Potential negative impact due to the working environment on health and wellbeing of Lenzing's workforce; Risk of a potential poor working climate leading to employee turnover or reduce their productivity; Opportunity for an engaged and productive workforce by providing a safe work environment; Negative psychological impact on employees if harassment in the workplace takes place.

**Global Equity, Diversity and Inclusion Policy**

This policy confirms Lenzing’s desire to inspire, empower, engage and foster the development of its employees so that they can play an active role in maintaining Lenzing’s competitive advantage. Lenzing aims to provide equal opportunities for all, regardless of gender, marital status, family responsibilities, ethnicity, race, skin color, nationality, national extraction, disability, neurodiversity, HIV / AIDS, chronic diseases, sexual orientation, religion or belief, age or other characteristics. Lenzing strives to build a diverse and inclusive work environment in which differences are respected and valued. As a result, everyone feels appreciated, included and able to be their true self, allowing them to provide their best contribution at work. The Lenzing Group aims to:

- Facilitate equity, fairness and respect for all existing employees and those applying to join the business
- Ensure an environment free from unlawful discrimination
- Oppose and prevent all forms of unlawful discrimination

Lenzing is committed to reviewing employment policies, procedures and practices for legal compliance, respecting the diversity of its own workforce mix as part of its aim to promote EDI, and meeting the objectives and commitments set out in this policy. Lenzing supports the UN Global Compact, endorses its principles and is committed to advancing a number of the UN Sustainable Development Goals by encouraging equity, diversity and inclusion among its workforces. It is focused on compliance and therefore aims to comply with all applicable laws and regulations in the countries in which it operates.

The Senior Vice President Corporate Human Resources is accountable for the implementation of this policy. The policy is available in all seven languages of the sites via Lenzing Connect and is communicated to all Lenzing leaders and employees.

The EDI Policy covers the following impacts, risk and opportunity: Risk of a potential poor working climate leading to employee turnover or reduce their productivity; Negative impact on gender equality and equal pay for equal work; Negative psychological impact on employees if harassment in the workplace takes place; Negative psychological impact on employees if diversity is not supported; Positive impact on diversity through diversity-promoting measures; Opportunity to drive innovation and performance with diversity.

**Policy for Safety, Health and Environment (SHE)**
The Policy for Safety, Health and Environment covers the following impacts and opportunities: Opportunity to be listed as a preferred supplier for customers; Positive impact on the workforce through risk management, trainings, health measures and services; Potential negative impact due to the working environment on health and wellbeing of Lenzing's workforce; Opportunity for an engaged and productive workforce by providing a safe work environment.

For more information on the ESRS 2 MDR-P of the Policy for Safety, Health and Environment, please see the “Policies” section in the “E2 Pollution” chapter.

**Life Saving Rules Guideline**
The Life Saving Rules are applicable to all operations under Lenzing’s operational and/or governance control, including activities conducted by Lenzing employees, contractors, subcontractors, and visitors exposed to safety risks related to these rules. These rules are designed to remind individuals of essential safety measures, focusing on preventing fatalities. They are intended to complement existing Lenzing management systems, not replace them, and provide a benchmark for good safety practices. The Guideline was approved by the VP Global Health, Safety and Environment (HSE), who is the most senior level accountable for the roll-out, compliance, and definition of the rules. The Global Occupation Health & Safety (OHS) Manager and the SHE manager at the respective site are responsible for ensuring compliance and managing consequences.

The Life Saving Rules Guideline covers the following impacts and opportunities: Opportunity to be listed as a preferred supplier for customers; Positive impact on the workforce through risk management, trainings, health measures and services; Potential negative impact due to the working environment on health and wellbeing of Lenzing's workforce; Opportunity for an engaged and productive workforce by providing a safe work environment.

**Clean & Hygiene Standards**
The Clean & Hygiene Standards prioritize the health and safety of Lenzing's employees above all else. Any health and safety issues must be addressed swiftly and thoroughly. The standards address the following impacts and opportunities: Opportunity to be listed as a preferred supplier for customers; Positive impact on the workforce through risk management, trainings, health measures and services; Potential negative impact due to the working environment on health and wellbeing of Lenzing's workforce; Opportunity for an engaged and productive workforce by providing a safe work environment.

For more information on the ESRS 2 MDR-P of the Clean & Hygiene Standards, please see the “Policies” section in the “S4 Consumers and end-users” chapter.

**Global Code of Business Conduct**
The code covers the following impacts, risk and opportunities: Opportunity to be listed as a preferred supplier for customers; Positive impact on the workforce through risk management, trainings, health measures and services; Potential negative impact due to the working environment on health and wellbeing of Lenzing's workforce; Risk of a potential poor working climate leading to employee turnover or reduce their productivity; Opportunity for an engaged and productive workforce by providing a safe work environment.

For the ESRS 2 MDR-P of the Global Code of Business Conduct, please refer to the “Policies” section in the “G1 Business conduct” chapter.

**Communication Guideline**
The Communication Guideline aims to integrate all employees across the Lenzing Group into a communication network through platforms such as the Lenzing Connect News Center to ensure access to relevant information. It encourages employees to share ideas and topics of interest, ensuring their voices are heard in internal communication. The guideline promotes open, honest, and targeted communication across all sites and divisions, playing a key role in upholding the company’s identity and fostering a collaborative environment. The guideline is made available to all employees via Lenzing Connect and the Vice President Corporate Communications & Public Affairs is the most senior person accountable for its implementation.

The Communication Guideline addresses the “Risk and opportunity for being an attractive employer through (non-)transparent communication”.

**Global Salary Administration Guideline**
This guideline has been compiled to define the administrative standards required to ensure that an individual employee’s base salary is set at a level that is market-competitive, internally equitable, and performance driven. These procedures apply to all graded jobs globally as far as this is compliant with local labor laws and regulations. The guideline includes aspects such as equity analysis, compensation administration principles, salary increase types, a decision tree, promotion, transfer and demotion. The Senior Director Corporate Compensation & Benefits and Digital HR is responsible for the implementation of this guideline.

The Global Salary Administration Guideline covers the “Negative impact on gender equality and equal pay for equal work”.

**Global Learning & Development Guideline**
This guideline provides an overview of learning and development processes to ensure the Lenzing Group is prepared for further growth by having key employee competencies and skills developed. The guideline describes Lenzing’s People Development Approach as its way of identifying the knowledge that is core to the sustainable competitiveness of the business and defines how competencies are built and developed in specific areas of strategic relevance. All Lenzing employees have the opportunity and responsibility to grow and develop through performance and development talks, the competency framework, the competency assessment, individual development plans and the training budget process. The Corporate Learning & Development team leads global Learning & Development (L&D) processes, while the HR Business Partners and local L&D specialists and site directors are responsible for the administration, execution, and optimization of local L&D activities.

The Senior Vice President Corporate Human Resources has approved the guideline and is accountable for its implementation, which is binding for all Lenzing employees.

The Global Learning & Development Guideline covers the "Risk of a recline in productivity through insufficient quality in succession planning".

**Global Performance Management Guideline**
This guideline is part of the People Development Approach and provides an overview of how performance management processes operate to enable its employees to support the growth plans of Lenzing. Employee development is a core element in ensuring sustainable business growth. Lenzing offers employees the opportunity to grow and develop, recognizing the importance of understanding the leadership and skill requirements necessary to build competencies and achieve performance in both current and future roles. The guideline includes the definition of performance, the performance management process, Lenzing's corporate values and behaviors, the procedure for defining goals, and describes how to conduct performance and development talks. The Corporate Performance Management team leads the global Performance Management (PM) processes. The HR Business Partners and local Performance Management specialists in each location are responsible for the administration, execution and optimization of local PM activities. The Senior Vice President Corporate Human Resources has approved the guideline and is accountable for its implementation, which is binding for all Lenzing Group employees.

The Global Performance Management Guideline addresses the "Risk of a recline in productivity through insufficient quality in succession planning".

**Modern Slavery Act Transparency Statement (UK only)**
This statement is made in accordance with section 54 of the Modern Slavery Act 2025 and provides an annual update on the actions taken by the business in combating modern slavery. It refers to a number of internal Lenzing documents, including the Policy on Human Rights and Labor Standards, the Global Supplier Code of Conduct and the Global Code of Business Conduct. The statement confirms support for the principles set out in the Universal Declaration of Human Rights (UDHR), the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the fundamental labor principles that protect workers' rights as defined by the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

The policies and procedures are available to all managers and employees. The UK Human Resources Manager is responsible for updating the Modern Slavery Act Transparency Statement and the site director is accountable for its implementation.

Lenzing has not yet implemented policies regarding the following impacts: Negative impact on the workforce if there is a lack of work-life balance; Positive impact on the workforce through various working time models, benefits and leaves. Lenzing's current resources have made it challenging to fully address this important topic.

## Communication

[ESRS S1-2; GRI 2-29, 403-4]

Regular and varied communication with employees and their representatives ensures a clear understanding of the business strategy, goals, market conditions, financial situation and policies, including contractual terms, conditions, and benefits. Information is disseminated through channels such as onboarding events, townhall meetings, notice boards, internal mail, and internal news.

Key elements of Lenzing's informative engagement include semi-annual global townhall meetings that encompass all Group companies and employees to address globally relevant topics. Additional site-specific townhall meetings are held to address location-specific issues and general updates. Press releases are used to keep all employees informed about important updates or special occasions as needed. The townhall meetings are held interactively via videochat and allowing employees to participate and ask questions, which are then directly addressed by the respective presenters. Lenzing Connect (intranet) provides ongoing reporting on relevant topics as well as functional applications for everyday work. To ensure this engagement takes place, operational control and responsibility lies with the Senior Vice President Corporate Human Resources.

**Works council/social dialog**
The Lenzing Group's management is committed to a transparent information policy involving the employees' official representatives. Local works councils exist at both sites in Austria. Those at the Lenzing site have a seat and vote on the Supervisory Board of Lenzing AG in accordance with the Austrian Labor Constitution Act. They represent the interests of the employees in Lenzing and Heiligenkreuz (Austria). To actively incorporate the insights and perspectives of employees in the decision-making process, the works council schedules a meeting with the CEO before Supervisory Board meetings and meets with the CFO on a monthly basis. Other meetings are arranged as needed. With the exception of the site in Prachinburi (Thailand), trade union representatives from various fractions and/or employee interest groups represent the interests of the employees at all other sites.

**Health and safety committees**
Where occupational health and safety committees are a regulatory requirement, formal agreements with workers' representatives are in place and all employees of Lenzing are represented by such committees, which operate at the site level. They provide a forum for Lenzing's management and employees to work together to resolve any health and safety issues. Each individual site is responsible for arranging and maintaining such committees. Specific details on how often the committees meet, agenda items and the make-up of representatives are the responsibility of the site HSE managers and subject to agreement with union representatives.

**Lenzing Climate Survey**
This survey is based on a framework ("House of Health") that includes methods (e.g. employee satisfaction) that are widely recognized and used in both international and academic contexts. This ensures that the assessment is not only methodologically sound, but also meets globally recognized standards and provides a reliable basis for the findings and conclusions. In a combined review, results and next steps are communicated on its internal platform. Sites and departments develop specific actions whose progress is

tracked by Lenzing to improve the findings of this survey. The three most important measures per site or department are surveyed and the implementation status is tracked. The survey for 2024 had to be postponed to Q1 2025 due to organizational changes in Q4 2024. For more information, please see the “Health promotion” section of this chapter.

### Employee Resource Groups

ERGs are a channel of communication for specific groups such as women, different ethnicities, LGBTQ etc. Lenzing has three Employee Resource Groups (ERGs): “Women@Lenzing”, “Multicultural@Lenzing” and “PrideAlliance@Lenzing” For more information on ERGs, please see the “Equity, Diversity & Inclusion” section of this chapter.

### Channels to raise concerns

[ESRS S1-3; GRI 2-25]

The following processes are in place for Lenzing’s workforce to raise concerns and grievances.

- Whistleblower system (described in the “G1 Business conduct” chapter)
- Works council at the Lenzing and Heiligenkreuz sites, both situated in Austria (see the “Communication” section in this chapter)
- Trade unions/employee interest groups (except Prachinburi (Thailand) site; see the “Communication” section in this chapter)
- Global Child Labor Remediation Procedure

A mandatory e-learning course entitled “Our Whistleblower System” supports the understanding and use of channels to raise concerns and grievances. In addition, the Compliance team conducts an integrity scan, in the form of a survey, to assess employees' knowledge of the whistleblower system. A Whistleblower Directive is in place. For more information on the Whistleblower Directive, please see the "Policies" section in the “G1 Business conduct” chapter.

There is no formal process for remediation. This is conducted on an individual case-by-case basis. Lenzing has a Global Child Labor Remediation Procedure. This procedure provides guidance for any instance of child labor found within Lenzing and includes remediation steps that can be followed by managers to ensure that child safety and rights are upheld, and the best interests of children are always served.

## Actions

[ESRS S1-4; GRI 3-3d, 403-1, 403-2, 403-8]

A summary of the “Actions taken” can be found in the management approach at the beginning of this chapter.

### Remediation

In the reporting year, Lenzing provided support and remediation in accordance with local regulations, as well as a voluntary donation to the family of a fatally injured employee. For more information on the incident, please see the “Health and safety at Lenzing” section in this chapter.

### Allocation of resources and identification & effectiveness of actions

The allocated resources for managing the material impacts on Lenzing’s own workforce, broken down by topic and department, are as follows:

- Secure Employment: cross-functional collaboration
- Health & Safety: Health in Corporate Health Care and Wellbeing; Safety in Global Occupational Health and Safety
- Work life balance: Corporate Human Resources
- Diversity & Inclusion: Corporate Human Resources
- Training and Skills Development: eLearnings in Digital HR Learning, SuccessFactors in Corporate Talent Management
- Measures against violence and harassment in the workplace: Corporate Human Resources, Compliance

Lenzing identifies its actions by investigating a subject matter, assessing the risk and seeking adequate action informed by best practices.

The effectiveness of Lenzing’s actions can be tracked by various quantitative and qualitative metrics, including the Lenzing Climate survey, the Total Recordable Injury Frequency Rate, the gender pay gap ratio, employee turnover and workforce diversity.

Lenzing is aware of the (potential) negative impacts of its business activities on its employees. In this section, the (potential) negative impacts, but also the positive impacts, risks and opportunities are linked to actions. The actions relating to the (potential) negative impacts are aimed at preventing or mitigating negative impacts.

### Learning and development actions

The following actions cover the “Risk of a recline in productivity through insufficient quality in succession planning“. The learning and development offering was expanded and refined in 2024. Global Performance and Talent Management continued. For more details (ESRS 2 MDR-A), please see the “Learning and development” section in this chapter.

### Equity, diversity & inclusion actions

Lenzing runs three Employee Resource Groups (ERGs), covering the following topics: women, different nationalities and LGBTQIA+. The UN Women’s Empowerment Principles were signed by Lenzing’s new CEO.

These actions relate to the following impacts, risk and opportunity: Negative psychological impact on employees if harassment in the workplace takes place; Negative psychological impact on employees if diversity is not supported; Positive impact on diversity through diversity-promoting measures; Opportunity to drive innovation and performance with diversity; and one aspect of “Risk of a potential poor working climate leading to employee turnover or reduce their productivity”.

For more details (ESRS 2 MDR-A) on the actions, please see the “Equity, Diversity & Inclusion” section in this chapter.

With regards to actions on the “Negative impact on gender equality and equal pay for equal work”, Lenzing now has precise numbers for the first time about its gender pay gap per production site and employment category. It is planned to investigate the topic further in the following year. For more details on the data, please refer to the “Gender pay gap” section (S1-16) of this chapter.

**Social audits**
The “Opportunity to be listed as a preferred supplier for customers” is covered by the following action. In 2024, all sites participated in the Higg Facility Social & Labor Module (FSLM) certification process, based on the standardized Social Labor Convergence Program (SLCP). This involved a comprehensive self-assessment and on-site audit to identify potential improvement opportunities for Lenzing’s employees. Despite three sites being unable to complete verification due to a lack of accredited auditors, the overall results were well above average, with most sites ranking in the top quartiles of their respective countries. These results can be shared with partners along the value chain. The FSLM certification has to be renewed every year. Additionally, customer audits focusing on labor standards and fair labor practices were conducted at various Lenzing sites, and customer questionnaires on relevant topics were completed throughout the year.

**Health and safety actions**
Actions for the impacts, risk and opportunities related to health and safety are described in this and the “Health and safety in Lenzing” section of this chapter. One aspect of the “Risk of a potential poor working climate leading to employee turnover or reduce their productivity” is also addressed by the equity, diversity and inclusion actions.

All manufacturing sites are certified to ISO 45001. The current certification was renewed in 2024 and is valid until 2027. This Occupational Health and Safety Management Certification, covering employees, non-employees and contractors, provides a framework for identifying, controlling and mitigating risks associated with workplace health and safety. This system prioritizes health and safety and is based on the plan-do-check-act model. The certification process helps Lenzing to identify risks as well as opportunities for improvement, enabling Lenzing to take appropriate measures in a timely manner in order to ensure the health and safety of Lenzing’s employees in the future. Lenzing establishes goals and objectives to address significant hazards and risks, taking into account feedback from employees, contractors, communities, customers, suppliers, and other stakeholders.

Risk assessment at Lenzing’s production sites involves reviewing site specific activities in teams. This includes identifying potential harm, assessing the likelihood and severity of hazards, determining preventive measures, and seeking improvement opportunities. Regular reviews and monitoring ensure the control’s effectiveness. Assessments are updated after workplace changes, e.g. changes to staff or a process, or following adverse events.

All employees and contractors must adhere to Lenzing’s Life Saving Rules and are empowered to stop work if they think it is unsafe. The relevant information is provided during induction processes in all Group languages and in a visual form.

Lenzing maintains a process for reporting and investigating adverse events. Employees, contractors, and visitors are required to report work-related symptoms, injuries, or illnesses to enable a timely response. The Group-wide reporting database facilitates communication on adverse events, enhancing risk management. The Lenzing incident investigation process (also referred to as accident investigation) is structured and systematic, allowing for reporting, tracking, and root cause analysis to prevent the recurrence of incidents. This proactive approach enables Lenzing to effectively manage and respond to future incidents.

To learn more (ESRS 2 MDR-A) about Lenzing’s actions for its own workforce regarding health and safety, and more specifically, about internal and external audits, health care, safety training and health promotion in 2024, please see the “Health and safety in Lenzing” section of this chapter.

**Communications actions**
To address the “Risk and opportunity for being an attractive employer through (non-)transparent communication”, Lenzing uses various channels to support the communication of major changes in the company to keep its workforce up to date. For the description of actions (ESRS 2 MDR-A), please refer to the “Communication” section in this chapter.

**Work-life balance and benefits provided actions**
The impacts related to work-life balance are covered by the following action. Flexible working hours, part-time work and working from home are offered at the majority of sites. Offers that apply to full-time employees also apply to part-time employees in most cases and also to temporary employees in many cases.

[GRI 401-2]

Employees at all Lenzing sites have the option of parental leave. Depending on national regulations, the company offers its employees life insurance, health care, retirement provision, disability and invalidity coverage as well as Group bonuses at almost all production sites.

## Metrics and targets

[ESRS S1-6 - S1-17 2 MDR-M 77b]

The metrics in the S1 Own workforce chapter are not validated by an external body other than the assurance provider.

[ESRS S1-5; GRI 3-3e]

See “Sustainability targets” in the management approach at the beginning of this chapter. All of Lenzing’s sustainability targets and the process of setting and monitoring (ESRS 2 MDR-T 80j) can be found in the "Sustainability targets, measures and progress" section in the "ESRS 2 General disclosures” chapter.

| Social standard | To have a continuously valid third-party audited accredited social certificate for every Lenzing Group production (fiber or dissolving wood pulp) site by 2024[d] | Continuous On track |
|---|---|---|
| Measure(s) | Lenzing implements and annually updates the Facility Social Labor Module (FSLM) at all pulp and fiber production facilities and shares verified modules with customers from 2025 onwards | 2025 On track |
| Progress made in 2024 | FSLM verification (self-assessment and onsite audit) was successfully completed in 2024 at the Mobile (United States), Grimsby (United Kingdom), Nanjing (China), Purwakarta (Indonesia), Prachinburi (Thailand) and Indianópolis (Brazil) sites. Due to the unavailability of auditors verified by SLCP, the Paskov (Czech Republic), Lenzing (Austria) and Heiligenkreuz (Austria) sites were only able to complete the self-assessment in 2024, but not the entire verification process. Thus the measure year is moved from 2024 to 2025 and is still on track. The overall target year has been changed to "continuous" as it is an ongoing effort to be continuously achieved. | |

d) The scope includes all Lenzing production sites, also the new sites in Prachinburi (Thailand) and Indianópolis (Brazil).

| Equity, Diversity and Inclusion | To create an empowering work environment by respecting human rights, employee wellbeing and diversity | Continuous On track |
|---|---|---|
| Measure(s) | Lenzing implements training courses for 75 percent of the workforce on diversity, discrimination, the non-discrimination policy, and human rights | 2025 On track |
| | Lenzing increases its proportion of women to 22.5 percent in all positions graded 5a and above by 2025[b] | 2025 On track |
| | Lenzing achieves an inclusion Index score of 75 percent in the global Lenzing Climate Survey by 2026 | 2026 On track |
| | Lenzing establishes a working condition policy | 2021 Achieved |
| Progress made in 2024 | The Global Equity, Diversity and Inclusion (EDI) policy was relaunched with a training video for all employees in multiple languages. A third employee resource group (ERG) PrideAlliance@Lenzing was initiated to further improve equality and inclusion for LGBTQ+ community within Lenzing, while the other two ERGs, Women@Lenzing and Multicultural@Lenzing remain in place. | |

b) Relevant for the Managing Board long-term incentive (LTI) bonus targets

The “Social standard” target as well as the “Equity, Diversity and Inclusion” target directly align with Lenzing's Global Equity, Diversity and Inclusion Policy and Human Rights Policy by promoting an inclusive work environment, gender equality and upholding human rights across all levels of the organization.

### Social standard target

The Facility Social Labor Module (FSLM) is crucial for mitigating negative impacts and risks on employees through ensuring that social standards are consistently upheld across all Lenzing production sites. By implementing and annually updating the FSLM assessments, Lenzing commits to fair labor practices, safe working conditions, and respect for workers’ rights. This proactive approach helps to prevent labor violations and promotes overall employee wellbeing. Regular audits and sharing verified modules with customers also increase transparency and accountability, further protecting employees from potential social risks. In 2020 (baseline year), the “Social standard” target was set for the first time, starting from a baseline of zero, with none of the pulp and fiber production sites having FSLM verification. The target is based on internationally recognized third-party social certifications (SLCP) and ensures continuous compliance through independent audits at all Lenzing Group production sites. It aligns with international frameworks such as the OECD Due Diligence Guidance, UNGPs, contributing to SDGs 8, and 12 by promoting fair labor conditions. Local labor laws, regional challenges, and stakeholder engagement are considered to ensure a context-specific and sustainable approach to social responsibility. The Corporate Sustainability team, Human Resources, the Management Board and operational units were involved in target setting. Additionally, Lenzing engaged directly with site HR leaders and the works council to list initiatives at each location, which served as the basis for setting targets, tracking performance, and identifying lessons for continuous improvement.

### Equity, Diversity and Inclusion target

The “Equity, Diversity and Inclusion” target aims to create an empowering work environment for all of Lenzing's own workforce by upholding human rights, prioritizing employee wellbeing, and fostering diversity and inclusion. Lenzing set this target for the first time in 2020 (baseline year), starting with a diversity concept (baseline value) in that year. The target aligns with international frameworks such as the OECD Due Diligence Guidance and UNGPs, contributing to SDGs 3, 5, and 10 by promoting good health and wellbeing, gender equality and reduced inequality. Local labor laws, regional challenges, and stakeholder engagement are considered to ensure a context-specific and sustainable approach to social responsibility. Human Resources, Corporate Sustainability and the Managing Board were instrumental stakeholders in setting the target. Additionally, the expectations and perspectives of employees were actively incorporated through direct consultation with the works council when setting the target. Human Resources is responsible for tracking performance and identifying any opportunities for improvements.

### Health targets

Lenzing has set a target in January 2025 (baseline year) at Group level to reduce the Total Recordable Injury Frequency Rate (TRIFR) per 200,000 working hours to 0.8 by 2025 for its employees. The current Frequency Rate is 1.1 (baseline value). The target is aimed at addressing the SHE policy´s goal to protect people from harm, which is a fundamental prerequisite for Lenzing doing business. The previous target aimed at 0.3 by 2025, which was deemed too unrealistic after a review of the target. The site directors and the responsible member of the Managing Board were involved in the target setting process. The works council was not directly engaged in target setting, performance tracking, or identifying improvements of the “Health” targets.

There are also site targets that are based on the Group target and actual performance, taking into consideration the size of a site. Building on the TRIFR targets, sites set goals for leading indicators, breaking them down to the departmental level and develop site-specific safety programs that they coordinate with Global Occupational Health and Safety (OHS). The target is based on the commonly used metric TRIFR which measures injury occurrences. The target aims to improve the wellbeing of Lenzing employees and address the SDG 3 (good health and wellbeing).

### Other targets

For the risk "Insufficient quality in succession planning can lead to a recline in productivity", there is no measurable time-bound outcome-oriented target at present. A target was established for "Getting closer to 50 percent of successors identified for mid-senior leadership roles by the end of the 2026 talent management cycle". The target is not tied to quantitative metrics but is expected to have two main benefits: identifying more talent with practical development discussed through 180° feedback and enhancing cross-functional visibility of potential successors.

For the "Risk of a potential poor working climate leading to employee turnover or reduce their productivity" (mental health), there is no measurable time-bound outcome-oriented target at present. However, the general objective is to prevent and mitigate cases to the largest extent possible. The effectiveness of actions is measured by means of the Lenzing Climate survey which asks two questions related to the topic: "Do I have enough time doing my work? Do I have enough recovery time?". For more information, see "Lenzing Climate survey" paragraph in the "Health promotion" section of this chapter.

At present, Lenzing has no target regarding the following impacts, risks and opportunities: Negative impact on the workforce if there is a lack of work-life balance; Positive impact on the workforce through various working time models, benefits and leaves; Risk and opportunity for being an attractive employer through (non-)transparent communication; Negative impact on gender equality and equal pay for equal work. Lenzing`s current resource constraints have made it challenging to fully address these important topics.

## Employees in numbers

[ESRS S1-6; GRI 2-7, 401-1]

The main reasons for employees leaving in 2024 were mutual/voluntary contract terminations, contract terminations by the employer and retirements. This is reflected in all figures in the following tables.

The most representative number of employees in the financial statements can be found in note 9. Personnel expenses.

The numbers shown in the following tables are in head count and as of December 31, 2024.

**Employees 2024** Table 47

| Employees per gender and in head count | 2024 | 2023 | 2022 |
|---|---|---|---|
| Female | 1,451 | 1,408 | 1,394 |
| Male | 6,777 | 6,932 | 6,907 |

Lenzing is currently not able to report information on the third gender category "other". While it is technically possible to report this in the system, the company first needs to confirm whether the global recruitment process aligns with the procedure in Austria, where gender is entered based on the ID card presented.

**Employees 2024** Table 48

| Employees per country and in head count | 2024 | 2023 | 2022 |
|---|---|---|---|
| Austria | 3,511 | 3,541 | 3,675 |
| Brazil | 1,236 | 1,195 | 945 |
| Indonesia | 1,342 | 1,474 | 1,523 |
| Czech Republic | 541 | 525 | 491 |
| China | 816 | 818 | 867 |
| USA | 212 | 217 | 222 |
| UK | 225 | 234 | 225 |
| Thailand | 269 | 269 | 280 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 76 | 67 | 73 |

### Employment contracts

Most Lenzing Group employees are employed in a permanent employment/service relationship. It is currently customary to work the first six months under a fixed-term contract followed by an automatic transition to a permanent employment/service relationship. Only around 2.8 percent of the workforce (including external personnel) has a genuine fixed-term employment/service contract that extends beyond the usual six-month fixed-term period. The six-month fixed-term period does not relate to the number of temporary employees.

## Employees 2024

Table 49

| Employees by conract type broken down by gender and in head count | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total number of employees** | **8,228** | **8,340** | **8,301** |
| Female | 1,451 | 1,408 | 1,394 |
| Male | 6,777 | 6,932 | 6,907 |
| **Total number of permanent employees[a]** | **7,834** | **7,900** | **7,929** |
| Female | 1,350 | 1,309 | 1,318 |
| Male | 6,484 | 6,591 | 6,611 |
| **Total number of temporary employees** | **394** | **440** | **372** |
| Female | 101 | 99 | 76 |
| Male | 293 | 341 | 296 |
| **Total number of non-guaranteed hours employees** | **0** | **0** | **0** |
| Female | 0 | 0 | 0 |
| Male | 0 | 0 | 0 |
| **Total number of full-time employees** | **7,690** | **7,748** | **7,823** |
| Female | 1,111 | 1,087 | 1,075 |
| Male | 6,579 | 6,661 | 6,748 |
| **Total number of part-time employees** | **538** | **592** | **478** |
| Female | 340 | 321 | 319 |
| Male | 198 | 271 | 159 |

a) New employees in the probationary period are included in the permanent employees/workforce, because the goal is long-term employment.

## Employees 2024

Table 50

| Employees by contract type broken down by region and in head count | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total number of employees** | **8,228** | **8,340** | **8,301** |
| Austria | 3,511 | 3,541 | 3,675 |
| Brazil | 1,236 | 1,195 | 945 |
| Indonesia | 1,342 | 1,474 | 1,523 |
| Czech Republic | 541 | 525 | 491 |
| China | 816 | 818 | 867 |
| USA | 212 | 217 | 222 |
| UK | 225 | 234 | 225 |
| Thailand | 269 | 269 | 280 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 76 | 67 | 73 |
| **Total number of permanent employees[a]** | **7,834** | **7,900** | **7,929** |
| Austria | 3,499 | 3,513 | 3,652 |
| Brazil | 1,125 | 1,105 | 923 |
| Indonesia | 1,329 | 1,461 | 1,521 |
| Czech Republic | 499 | 458 | 436 |
| China | 600 | 576 | 597 |
| USA | 212 | 217 | 222 |
| UK | 225 | 234 | 225 |
| Thailand | 269 | 269 | 280 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 76 | 67 | 73 |
| **Total number of temporary employees** | **394** | **440** | **372** |
| Austria | 12 | 28 | 23 |
| Brazil | 111 | 90 | 22 |
| Indonesia | 13 | 13 | 2 |
| Czech Republic | 42 | 67 | 55 |
| China | 216 | 242 | 270 |
| USA | 0 | 0 | 0 |
| UK | 0 | 0 | 0 |
| Thailand | 0 | 0 | 0 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 0 | 0 | 0 |
| **Total number of non-guaranteed hours employees** | **0** | **0** | **0** |
| Austria | 0 | 0 | 0 |
| Brazil | 0 | 0 | 0 |
| Indonesia | 0 | 0 | 0 |
| Czech Republic | 0 | 0 | 0 |
| China | 0 | 0 | 0 |
| USA | 0 | 0 | 0 |
| UK | 0 | 0 | 0 |
| Thailand | 0 | 0 | 0 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 0 | 0 | 0 |
| **Total number of full-time employees** | **7,690** | **7,748** | **7,823** |
| Austria | 2,996 | 2,697 | 3,214 |
| Brazil | 1,236 | 1,195 | 945 |
| Indonesia | 1,342 | 1,474 | 1,523 |
| Czech Republic | 539 | 523 | 490 |
| China | 814 | 817 | 867 |
| USA | 208 | 214 | 219 |
| UK | 215 | 224 | 213 |
| Thailand | 269 | 269 | 280 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 71 | 65 | 72 |
| **Total number of part-time employees** | **538** | **592** | **478** |
| Austria | 515 | 574 | 461 |
| Brazil | 0 | 0 | 0 |
| Indonesia | 0 | 0 | 0 |
| Czech Republic | 2 | 2 | 1 |
| China | 2 | 1 | 0 |
| USA | 4 | 3 | 3 |
| UK | 10 | 10 | 12 |
| Thailand | 0 | 0 | 0 |

| | | | |
|---|---|---|---|
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 5 | 2 | 1 |

a) New employees in the probationary period are included in the permanent employees/workforce, because the goal is long-term employment.

In the reporting year, Lenzing had a total of 253 apprentices (2023: 236, 2022: 188), of which 58 were female and 195 male (2023: 48 and 188, 2022: 31 and 157). The information about apprentices is entity-specific information.

## Employees 2024

Table 51

| Employee turnover | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Number of employees that left the company, total** | **888** | **932** | **898** |
| Female | 174 | 222 | 153 |
| Male | 714 | 710 | 745 |
| Under 30 years | 216 | 205 | 184 |
| 30-50 years | 452 | 446 | 448 |
| Over 50 years | 220 | 281 | 266 |
| Austria | 290 | 347 | 278 |
| Brazil | 266 | 274 | 175 |
| Indonesia | 173 | 78 | 206 |
| China | 36 | 74 | 99 |
| Czech Republic | 29 | 47 | 27 |
| USA | 44 | 45 | 41 |
| United Kingdom | 29 | 24 | 24 |
| Thailand | 14 | 28 | 40 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 7 | 15 | 8 |
| **Percentage of employees that left the company (turnover rate), total** | **10.8%** | **11.2%** | **10.8%** |
| Female | 19.6% | 24% | 17% |
| Male | 80.4% | 76% | 83% |
| Under 30 years | 24.3% | 22% | 20% |
| 30-50 years | 50.9% | 48% | 50% |
| Over 50 years | 24.8% | 30% | 30% |
| Austria | 32.7% | 37% | 31% |
| Brazil | 30.0% | 29% | 19% |
| Indonesia | 19.5% | 8% | 23% |
| China | 4.1% | 8% | 11% |
| Czech Republic | 3.3% | 5% | 3% |
| USA | 5.0% | 5% | 5% |
| United Kingdom | 3.3% | 3% | 3% |
| Thailand | 1.6% | 3% | 4% |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 0.8% | 2% | 1% |

## Employees 2024

Table 52

| Newly hired employees[a] | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Number of newly hired employees, total** | **768** | **971** | **1,241** |
| Female | 214 | 236 | 303 |
| Male | 554 | 735 | 938 |
| Under 30 years | 111 | 195 | 275 |
| 30-50 years | 421 | 522 | 705 |
| Over 50 years | 236 | 252 | 261 |
| Austria | 260 | 213 | 378 |
| Brazil | 307 | 524 | 472 |
| Indonesia | 41 | 29 | 96 |
| China | 34 | 25 | 93 |
| Czech Republic | 45 | 81 | 67 |
| USA | 39 | 40 | 42 |
| United Kingdom | 20 | 33 | 31 |
| Thailand | 14 | 17 | 46 |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 8 | 9 | 16 |
| **Percentage of newly hired employees, total** | **9%** | **12%** | **15%** |
| Female | 28% | 24% | 24% |
| Male | 72% | 76% | 76% |
| Under 30 years | 14% | 20% | 22% |
| 30-50 years | 55% | 54% | 57% |
| Over 50 years | 31% | 26% | 21% |
| Austria | 34% | 22% | 30% |
| Brazil | 40% | 54% | 38% |
| Indonesia | 5% | 3% | 8% |
| China | 4% | 3% | 7% |
| Czech Republic | 6% | 8% | 5% |
| USA | 5% | 4% | 3% |
| United Kingdom | 3% | 3% | 2% |
| Thailand | 2% | 2% | 4% |
| Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France) | 1% | 1% | 1% |

a) Some values from 2023 regarding age were adjusted to fulfil the ESRS specification.

[ESRS S1-7; GRI 2-8]

## Non-employees 2024

Table 53

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total number of non-employees** | **149** | **156** | **261** |

The numbers reported are in head count and as of December 31, 2024. The total number of non-employees does not include self-employed people as they are not recorded in the HR system.

The largest group of non-employees consists of supervised workers, who are employed indirectly via an employment agency. They are treated the same way as direct Lenzing employees. The majority of supervised workers are employed in the production area (shift work), which was determined evaluating of their job titles and job description.

## Collective bargaining and social dialog

[ESRS S1-8 – not material after ESRS; GRI 2-30]

Lenzing complies with the local labor standards in all countries in which it operates. Collective agreements cover 79.9 percent (2023: 83.0 percent, 2022: 82.4 percent) of the Lenzing Group's global workforce. 99.6 percent (2023: 99.6 percent, 2022: 99.5 percent) of employees are subject to notice periods governed by labor law or collective agreements (GRI 2-30 only).

For more information on Lenzing's social dialog, please see the "Works council/social dialog" section of this chapter.

**Collective bargaining coverage and social dialogue**

Table 54

| (Percent) | Collective Bargaining Coverage | | Social dialogue |
|---|---|---|---|
| Coverage Rate | Employees – EEA (for countries with >50 empl. representing >10 % total empl.) | Employees – Non-EEA (estimate for regions with >50 empl. representing >10 % total empl) | Workplace representation – EEA only (for countries with >50 empl. representing >10 % total empl) |
| 0 –19 % | | | |
| 20 –39 % | | | |
| 40 –59 % | | | |
| 60 –79 % | | | |
| 80 –100 % | Austria | Indonesia<br>Brazil | Austria |

## Diversity metrics

[ESRS S1-9, GRI 405-1]

Individuals within management roles are defined as people who directly oversee at least one other employee.

| | |
|---|---|
| Category 1 | white collar manager |
| Category 2 | blue collar manager |
| Category 3 | supervised worker - manager |

**Employees 2024**

Table 55

| Individuals within managing role (at least one direct)[a] | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Number of individuals, total** | **912** | **915** | **932** |
| Under 30 years | 29 | 29 | 31 |
| 30-50 years | 599 | 588 | 596 |
| Over 50 years | 284 | 298 | 305 |
| Female | 164 | 160 | 171 |
| Male | 748 | 755 | 761 |
| Percentage of individuals | | | |
| Under 30 years | 3 % | 3 % | 3 % |
| 30-50 years | 66 % | 64 % | 64 % |
| Over 50 years | 31 % | 33 % | 33 % |
| Female | 18 % | 17 % | 18 % |
| Male | 82 % | 83 % | 82 % |

| | | | |
|---|---|---|---|
| **Number of employee category 1, total** | **729** | **730** | **738** |
| Under 30 years | 7 | 11 | 12 |
| 30-50 years | 476 | 465 | 469 |
| Over 50 years | 246 | 254 | 257 |
| Female | 149 | 144 | 153 |
| Male | 580 | 586 | 585 |
| Percentage of employee category 1 | | | |
| Under 30 years | 1% | 2% | 2% |
| 30-50 years | 65% | 64% | 64% |
| Over 50 years | 34% | 35% | 35% |
| Female | 20% | 20% | 21% |
| Male | 80% | 80% | 79% |
| **Number of employee category 2, total** | **181** | **180** | **185** |
| Under 30 years | 22 | 18 | 19 |
| 30-50 years | 122 | 121 | 122 |
| Over 50 years | 37 | 41 | 44 |
| Female | 14 | 13 | 14 |
| Male | 167 | 167 | 171 |
| Percentage of employee category 2 | | | |
| Under 30 years | 12% | 10% | 10% |
| 30-50 years | 67% | 67% | 66% |
| Over 50 years | 20% | 23% | 24% |
| Female | 8% | 7% | 8% |
| Male | 92% | 93% | 92% |
| **Number of employee category 3, total** | **2** | **5** | **9** |
| Under 30 years | 0 | 2 | 0 |
| 30-50 years | 1 | 2 | 5 |
| Over 50 years | 1 | 3 | 4 |
| Female | 1 | 3 | 4 |
| Male | 1 | 2 | 5 |
| Percentage of employee category 3 | | | |
| Under 30 years | 0% | 40% | 0% |
| 30-50 years | 50% | 40% | 56% |
| Over 50 years | 50% | 60% | 44% |
| Female | 50% | 60% | 44% |
| Male | 50% | 40% | 56% |

a) Some values from 2022 and 2023 regarding age were adjusted to fulfil the ESRS specification.

## Employees 2024

Table 56

| Employees` diversity[a] | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Number of individuals, total** | **8,224** | **8,336** | **8,298** |
| Under 30 years | 1,463 | 0 | 0 |
| 30-50 years | 5,031 | 5,057 | 4,980 |
| Over 50 years | 1,730 | 1,711 | 1,740 |
| Female | 1,451 | 1,408 | 1,394 |
| Male | 6,773 | 6,928 | 6,904 |
| Percentage of individuals | | | |
| Under 30 years | 18% | 0% | 0% |
| 30-50 years | 61% | 61% | 60% |
| Over 50 years | 21% | 21% | 21% |
| Female | 18% | 17% | 17% |
| Male | 82% | 83% | 83% |

a) Excluding governance body members, except for the Supervisory Board members appointed by works council

# Equity, Diversity & Inclusion

## A collective responsibility

Lenzing is committed to creating a diverse and inclusive environment where everyone can thrive, regardless of characteristics such as gender, age, ethnicity, cultural background, or language.

Promoting equity, diversity and inclusion (EDI) is a collective responsibility of all employees. In the reporting year, the EDI policy was therefore relaunched to foster a common understanding and provide guidance. It contributes to creating a working environment in which every employee feels accepted and supported as a person and can develop successfully, with the same benefits for Lenzing. This policy is available in all seven languages of the sites, along with a corresponding explanatory video for employee training.

The Women's Empowerment Principles, which emerged from the UN Global Compact, were first signed in March 2023 and signed again by Lenzing's new CEO on behalf of the Board of Management in February 2025. The Women's Empowerment Principles are based on the understanding that businesses have both a vested interest in and a responsibility for promoting gender equality and empowering women.

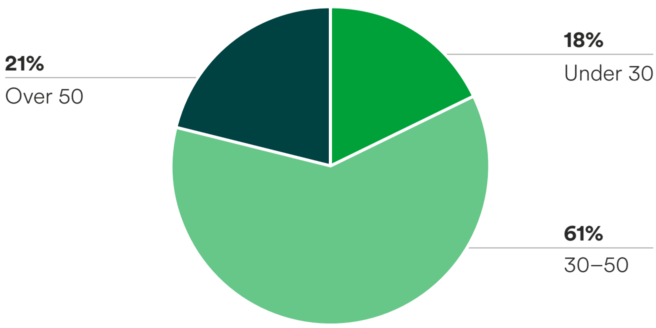
The company also launched its third global Employee Resource Group (ERG) "PrideAlliance@Lenzing" to promote a respectful, appreciative work environment and strengthen Lenzing's culture in the coming years. Throughout the year, the ERGs met and discussed the status quo and possible future actions for Lenzing.

[GRI 405-1 b iii]

## International workforce

Despite the company's firm roots in Europe, an international corporate culture has evolved based on strong collaboration among its Asian, European, and American sites. The management team actively supports the internationalization of the workforce at all levels. For details on the different nationalities working in the Lenzing Group, please see the table 77 in the Annex.

**Diversity per age (all employees)** Figure 14




**Diversity per Site** Figure 15

In the Lenzing Group's Policy on Human Rights and Labor Standards, Lenzing commits to upholding fundamental labor rights and principles such as protection from discrimination, harassment, and inhumane treatment. This encompasses protection against employment decisions based on personal characteristics or beliefs that are not related to one's job performance, including gender, age, color, national extraction, ethnicity, race, social background, sexual orientation, family responsibility (including pregnancy), disabilities, neurodiversity, political opinion, sensitive medical conditions, marital status, and any other discrimination in working conditions. These topics are also reflected in the Lenzing Global Code of Business Conduct, which all employees are required to follow.

## Adequate wages

[ESRS S1-10 - not material after ESRS]

After comparing employee salaries with the corresponding benchmarks, it can be stated that all Lenzing employees are paid an adequate wage.

## Social Protection

[ESRS S1-11]

The social protection against loss of income due to major life events, including sickness, unemployment (from the time an individual starts working for Lenzing), employment injury and acquired disability, parental leave, and retirement, is provided through public programs in every country in which Lenzing operates, except for the United States, where payments for sickness and parental leave are not provided.

## People with disabilities

[ESRS S1-12]

In the reporting year, the percentage of Lenzing's employees with disabilities was 2 percent (2023: 2 percent, 2022: 2 percent). The "employees with disabilities" category is based on the legal definitions for people with disabilities in the respective country of operations. For example, the definition for Austria can be found here. No formal recording of numbers of employees with disabilities is conducted at the site in Grimsby (United Kingdom) since there is no definition provided by local legislation. As employees are not required to report their disability status in the USA, the reported number for Mobile (USA) is an estimate.

[GRI 405-1 b iii]

**Employees 2024** Table 57

| Employees with disabilities | 2024 | 2023 | 2022 |
|---|---|---|---|
| Lenzing Group | 88 | 83 | 82 |
| Austria | 52 | 51 | 61 |
| Czech Republic | 9 | 9 | 8 |
| USA | 1 | 2 | 4 |
| Indonesia | 2 | 2 | 2 |
| Brazil | 24 | 19 | 7 |

## Learning and development

[ESRS S1-13; GRI 404-1, 404-2, 404-3]

Courses offered through Learn@Lenzing were completed around 83,784 times in the reporting year. This results in a total training time of 48,968.71 hours and an average training time of six hours per employee. The average training time was seven hours for females, and six hours for males. The total expenditure on lifelong learning and personnel development increased to EUR 6.70 million in 2024 compared to EUR 5.76 million in 2023 and EUR 6.19 million in 2021. The numbers include Group-wide expenses by Bildungszentrum Lenzing (BZL). Therefore, the Group-wide consolidated expenses for training courses in 2024 were EUR 2.17 million (2023: EUR 2.25 million, 2022: EUR 2.48 million).

### Individual learning path offerings

To enable the continuous and individual development of its employees, Lenzing has developed a global Learning & Development (L&D) catalog. The catalog is part of the Lenzing internal learning management system Learn@Lenzing and allows employees to individually browse through development opportunities.

This includes eLearning, blended learning as well as face-to-face training opportunities.

In Lenzing's global L&D catalog, more than 220 training courses (face-to-face, eLearning and blended learning) are available. Over 120 eLearning courses are available worldwide and cover a range of topics from business to personal development and wellbeing. Employees can book courses based on their individual needs. A total of 5,234 courses were completed. Employees spent 981 hours using the content.

- In 2023, digital blended learning paths have been developed for blue-collar workers, which are linked to a skills matrix and are intended to standardize technical onboarding. New digital blended learning paths were also developed for various areas in 2024.
- In 2024 the roll out of the global skill matrix concept and IT tool has been started in Heiligenkreuz (Austria) to document the required and current qualification level of blue-collar workers.
- Furthermore, in 2024, the roll out of the global skill matrix tool is ongoing in Austria, Thailand, UK, US, Brazil and Indonesia and has been intensified in other relevant areas apart from production.
- In 2024, a standardised reporting for the skill matrix system has been developed, displaying skill fulfilment rates.
- In 2024 processes have been adapted in the skill matrix IT tool to also include employees without an email address.
- 185 Learn@Lenzing courses have been assigned in the skill matrix IT tool.
- 3,072 external training and safety instruction training completions have been documented in the skill matrix IT tool during 2024.
- In 2024, a digital global onboarding training was developed and rolled out for the Lenzing Group.
- In 2024, an add-on was developed with which external parties such as sales partners or the supervisory board can also be trained digitally.

- In 2024, a new dashboard was introduced on the learning platform. This dashboard offers even more reporting functions for managers and power users.

## Global Performance and Talent Management

Effective Talent and Performance management are pivotal to Lenzing's overall success and the growth of its workforce. These processes are essential in shaping employee development by clearly determining and tracking performance goals according to roles and functions and identifying Lenzing's talent mix. Lenzing has consequently continued its efforts to consolidate these important people processes: Performance and Talent Management in 2024.

Both processes were rolled out in 2024 to support all white-collar employees in the business. During the Performance Management Process, 91 percent of the target group (out of 2535 employees) in 2024 defined their goals in SuccessFactors, and 89.1 percent (out of 2033 employees who set goals in 2023) completed the review of their goals. This translates into 31 percent of all employees participating in regular performance and career development reviews (68 percent male, 32 percent female) and 25 percent of all employees completing their goal review from 2023 in 2024.

The results of the Talent Management Process 2024 include talent data for 80.4 percent of the white-collar workforce, and 973 out of 2,535 positions have at least one successor in place.

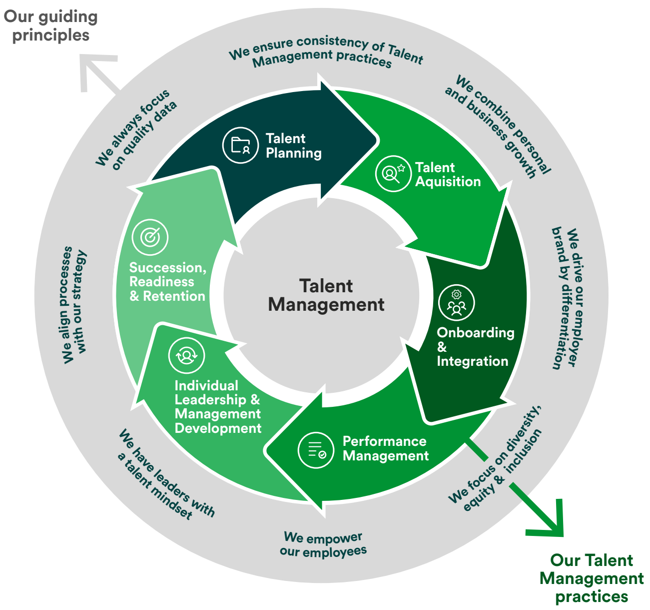
This shows that the processes are already well-rooted in the organization. The insights will help to guide the professional development of Lenzing's employees.

**Milestones in 2024**

- 2,307 white-collar employees set their performance goals in SuccessFactors in 2024.
- 1,812 employees successfully completed a performance review of their performance goals for 2024.
- 1,499 employees filled in their talent cards and shared their backgrounds.
- 2,038 employees have data on their potential, performance, retention risk, and recommended development approach.
- 937 succession plans for key positions are in place to provide the next possible career step for employees.
- 7 refresher sessions were provided, during which 126 managers and 26 HR employees were trained in the Talent Management process.
- 400 top talents have been identified in SuccessFactors by their managers across the Lenzing Group, of which 156 are from salary grade 5 and above. 71 key talents have further been calibrated and discussed during the 3 People Conference Days to increase transparency in the Talent Management process.

Lenzing's Human Resources department focused on improving the assessment of high-performing talent, moving beyond the SuccessFactors tool. This effort includes a senior management discussion about talent during the new People Conference Days for B-1 leaders. In Q4 2024, 10 out of 71 top talents discussed during the People Conference Days were moved into new roles.

**Talent Management** Figure 15




## Health and safety at Lenzing

[ESRS S1-14; GRI 403-1, 403-8, 403-9, 403-10]

Employee wellbeing is crucial for Lenzing's long-term business success and growth. Lenzing is ethically, legally, and morally responsible for occupational health and safety to ensure the wellbeing of its employees, contractors, and visitors, including customers.

The Lenzing Group's health management system ("House of Health") is based on the salutogenesis concept, which focuses on keeping humans healthy, and is tailored to the individual social and health care systems of the countries in which Lenzing operates. It provides a conceptual framework for targeted investments in the health of Lenzing's employees. Global Health Care Management works closely with the regional employees responsible for health issues as well as the department of Health, Safety and Environment (HSE).

The Safety Management System, founded on standards by the International Organization for Standardization (ISO), guides the company in mitigating health, safety and environmental risks. The company remains strongly focused on enhancing occupational health and safety performance as well as monitoring leading and lagging indicators. Safety dashboards provide the teams with daily access to essential safety metrics as part of their management dashboards.

100 percent of Lenzing's employees, non-employees and contracted staff working on company property are covered by the Occupational Health and Safety (OHS) Management system. All manufacturing sites are certified to ISO 45001. Lenzing conducts regular ongoing internal and external audits on many key activities, including safety, health, environmental performance and compliance with the Lenzing Code of Business Conduct. External audits are also conducted to review this data as part of the process to certify that Lenzing's OHS management systems operate in conformance with ISO 45001.

The internal management system audits assess Lenzing's OHS program for compliance with ISO 45001, company policies, contracts, and regulatory requirements at site level. Another internal audit process is led by Lenzing's corporate HSE organization. Audits are scheduled on different sites on a rotating basis according to their relative risk. All sites are obligated to conduct periodic internal audits in accordance with corporate policy. Additionally, each site or business is subject to formal external OHS management system audits linked to OHS-related commitments or certifications, such as ISO 45001 and ISO 14001. Regular documented OHS management review meetings at all sites inform decisions and actions related to possible management system changes, which are recorded on the appropriate database system and communicated to employees.

## Key figures: occupational accidents and work-related injuries

### Current performance compared to previous years

Lenzing is deeply saddened to report that in 2024, a tragic incident occurred, resulting in the loss of a valued employee who was fatally injured after being exposed to a hazardous substance. The company extends its heartfelt condolences and unwavering support to the family and colleagues affected by this devastating event.

Throughout 2024, Lenzing experienced a noticeable decline in health and safety performance, as reflected in the data in the tables below. This downturn is attributed to several factors, including increased operational pressures and organisational restructuring. Despite these challenges, Lenzing remains committed to enhancing safety protocols and fostering a culture of continuous improvement to ensure the wellbeing of all employees. Lenzing's Total Recordable Injury Frequency Rate (TRIFR; based on 200,000 working hours in line with the health target) for employees increased from 0.7 in 2023 to 1.1 in 2024. The TRIFR for contractors also rose slightly, from 0.5 in 2023 to 0.6 in 2024. The rate of all work-related injuries for employees rose slightly from 3.6 in 2023 to 4.0 in 2024, while the rate for contractors increased from 2.1 in 2023 to 2.8 in 2024.

### High-consequence work-related injury

Regarding broader personnel safety performance, Lenzing experienced one high-consequence work-related injury event. This incident involved an employee becoming entangled within the fiber tow band, resulting in a fracture with complications.

Work-related hazards are identified and assessed at a site-specific level and fall into six core hazard types – safety, biological, physical, ergonomic, chemical and workload (psychosocial). The hazards are determined through various channels, including:

- Carrying out an internal risk assessment
- Analysis of adverse events to discover the frequency, severity, and type of incidents or accidents
- Analysing data for causal relationships, such as the correlation between human factors, environmental conditions, equipment performance, and incident or accident outcomes
- Reviewing safety information about products at workplaces
- Information from inspection and injury reports
- Setting up formal processes for employees to report hazards they see
- Conducting regular inspections of the workplace
- Collecting information published by relevant government agencies
- Consulting other outside groups that might have relevant information

**Work-related injuries for employees per 1,000,000 working hours**

Table 58

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total hours worked (productive working hours)** | **15,763,108** | **15,968,871** | **16,510,667** |
| i) Number of fatalities of work-related injuries | 1 | 0 | 0 |
| i) Rate of fatalities of work-related injuries | 0.06 | 0 | 0 |
| ii) Number of high-consequence work-related injuries | 1 | 0 | 0 |
| ii) Rate of high-consequence work-related injuries | 0.06 | 0 | 0 |
| iii) Number of recordable work-related injuries | 86 | 59 | 52 |
| iii) Rate of recordable work-related injuries | 6 | 3.7 | 3.1 |
| iv) Number of work-related injuries or ill health | 312 | 291 | 272 |
| iv) Rate of work-related injuries | 20 | 18.2 | 16.5 |

### Work-related injuries for non-employees per 1,000,000 working hours

Table 59

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total hours worked (productive working hours)** | **6,737,569** | **10,446,125** | **16,500,795** |
| i) Number of fatalities of work-related injuries | 0 | 0 | 0 |
| i) Rate of fatalities of work-related injuries | 0 | 0 | 0 |
| ii) Number of high-consequence work-related injuries | 0 | 0 | 0 |
| ii) Rate of high-consequence work-related injuries | 0 | 0 | 0 |
| iii) Number of recordable work-related injuries | 21 | 25 | 30 |
| iii) Rate of recordable work-related injuries | 3 | 2.4 | 1.80 |
| iv) Number of work-related injuries or ill health | 93 | 109 | 92 |
| iv) Rate of work-related injuries | 14 | 10.4 | 5.6 |

The following two tables are not ESRS and inform the progress of the health target which is based on 200,000 working hours.

### Work-related injuries for employees per 200.000 working hours

Table 60

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total hours worked (productive working hours)** | **15,763,108** | **15,968,871** | **16,510,667** |
| i) Number of fatalities of work-related injuries | 1 | 0 | 0 |
| i) Rate of fatalities of work-related injuries | 0.01 | 0 | 0 |
| ii) Number of high-consequence work-related injuries | 1 | 0 | 0 |
| ii) Rate of high-consequence work-related injuries | 0.01 | 0 | 0 |
| iii) Number of recordable work-related injuries | 86 | 59 | 52 |
| iii) Rate of recordable work-related injuries | 1.09 | 0.7 | 0.6 |
| iv) Number of work-related injuries or ill health | 312 | 291 | 272 |
| iv) Rate of work-related injuries | 3.96 | 3.6 | 3.3 |

### Work-related injuries for non-employees per 200.000 working hours

Table 61

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total hours worked (productive working hours)** | **6,737,569** | **10,446,125** | **16,500,795** |
| i) Number of fatalities of work-related injuries | 0 | 0 | 0 |
| i) Rate of fatalities of work-related injuries | 0 | 0 | 0 |
| ii) Number of high-consequence work-related injuries | 0 | 0 | 0 |
| ii) Rate of high-consequence work-related injuries | 0 | 0 | 0 |
| iii) Number of recordable work-related injuries | 21 | 25 | 30 |
| iii) Rate of recordable work-related injuries | 1 | 0.5 | 0.4 |
| iv) Number of work-related injuries or ill health | 93 | 109 | 92 |
| iv) Rate of work-related injuries | 3 | 2.1 | 1.1 |

### Top five work-related injuries

Table 62

| | 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| For employees in the own workforce | Cuts & lacerations | 75 | Cuts & lacerations | 69 | Cuts & lacerations | 64 |
| | Bruises | 52 | Bruises | 48 | Bruises | 33 |
| | Abrasions | 36 | Abrasions | 39 | Abrasions | 32 |
| | Puncture wounds | 29 | Hot burns | 20 | Chemical burns | 32 |
| | Chemical burns | 24 | Strains | 19 | Strains | 23 |
| For non-employees in the own workforce | Cuts & lacerations | 20 | Bruises | 18 | Cuts & lacerations | 20 |
| | Bruises | 10 | Cuts & lacerations | 17 | Foreign bodies | 13 |
| | Chemical burns | 10 | Abrasions | 14 | Chemical burns | 10 |
| | Abrasions | 10 | Sprains | 9 | Abrasions | 8 |
| | Foreign bodies | 7 | Puncture wounds | 9 | Fractures | 8 |
| | Dislocations | 7 | | | | |

Within Lenzing, work-related hazards that pose a risk to ill health generally include chemical hazards (solvents, adhesives, dusts, etc.), physical hazards (noise, radiation, heat, etc.), biological hazards (infectious diseases), and ergonomic risk factors (heavy lifting, repetitive motions, vibration).

**Work-related ill health for employees**

Table 63

| | | 2024 | 2023 |
|---|---|---|---|
| Work-related ill health for employees | The number of fatalities of work-related ill health | 0 | 0 |
| | The number of cases of recordable work-related ill health | 0 | 0 |
| | The main types of work-related ill health | - | - |
| Work-related ill health for non-employees | The number of fatalities of work-related ill health | 0 | 0 |
| | The number of cases of recordable work-related ill health | 0 | 0 |
| | The main types of work-related ill health | - | - |

In the reporting year, 1,618 work days were lost due to work-related injuries, ill health and their fatalities among employees compared to 338 among other workers.

## Health care at Lenzing's production facilities

[GRI 403-3]

At all production sites, Lenzing gives employees access to an in-house primary care system, complementing the existing health systems of the individual countries. The production sites and their health care facilities are visited by an occupational physician from the Lenzing Health Care & Wellbeing department periodically to ensure the quality of those services.

Lenzing draws on the services of medical partners in the regions around the sites to offer its employees a diagnosis and therapy service tailored to local needs. The range of medical services extends from several medical examinations and therapy sessions per week at the sites in Mobile (USA) and Grimsby (United Kingdom) through to health care services for family members at a clinic in the vicinity of the production site in Purwakarta (Indonesia).

The large production plants in Lenzing (Austria) and Purwakarta (Indonesia) also have their own outpatient clinics with qualified medical staff for quick, competent outpatient treatment of acute conditions and injuries as well as their own ambulances to ensure prompt follow-up treatment at special medical facilities. Lenzing facilities have first aiders trained in certified basic and regular first aid refresher courses.

### Occupational medical care

In 2024, Lenzing Corporate Health Care & Wellbeing together with Global HSE continued to coordinate and give guidance on general company issues regarding occupational medical care at the different locations in order to exceed the minimum standards required by the individual countries. By enhancing competence in the occupational medical care of Lenzing's regional partners, Lenzing will ensure that employees and managers have the best resources available to protect themselves from and deal with risks in the workplace.

## Safety training

[GRI 403-5]

The vision of Lenzing is to "leave home healthy, come home healthy". The aim is to provide a working environment and culture in which people actively engage and drive health and safety excellence. It is recognized that all employees can influence health and safety performance and, through individual ownership and engagement, employees can contribute to a safer workplace.

Leadership is critical to behavior, and this is the central theme of Lenzing's safety webinars, which were developed specifically for the company's leaders. Six out of 12 webinars outlining the human factors known as the "dirty dozen" took place in 2023. The remaining six webinars were presented in 2024. The aim was for the leadership team to understand how human factors play a role in adverse events, raise awareness and in the long-term, develop controls and procedures.

Lenzing also ensures that all employees receive adequate training on occupational health & safety topics, which is determined in line with the specific hazards to which employees are exposed while carrying out their tasks. Training schedules are prepared annually alongside refresher schedules in accordance with regulatory and compliance requirements. Additionally, induction training is given to both contractors and visitors to the various sites.

## Health promotion

[GRI 403-6]

At the end of 2022, Lenzing started a formal corporate health improvement program, which continued in 2024. It provides a clear framework showing how local health promotion activities can be sponsored by a dedicated corporate health improvement budget. Sites can choose all local available health promotion activities, which are aligned with health topics chosen by Corporate Health Care. After approval by the Corporate Health Care & Wellbeing Manager they can perform the activity and have the related expenses reimbursed afterwards. A limit is imposed on the maximum expenses per head covered by this program.

Regarding mental health, part of the corporate health improvement program is the Employee Assistance Program which was available on eight production sites except in Nanjing (China). The sites themselves decide on their specific measures. In Lenzing (Austria), for example, employees have access to occupational psychologists (among other services).

Since 2019, the Lenzing Group has been focusing on promoting fitness as part of their regular activities. These programs aim to encourage and support employees in adopting a healthy lifestyle both at work and during their leisure time. To aid these efforts, a healthy living app (Moveeffect®) designed for corporate use to accommodate the needs of Lenzing's employees at the various sites was adopted and distributed to all employees for voluntary use. The app's purpose is to motivate employees to become more active. 2,950 employees are currently registered in the app.

**LENZING CLIMATE SURVEY**

Since 2021, all employees have been surveyed twice a year about their psychosocial working conditions. The Lenzing Climate Survey provides a comprehensive overview of the general working climate at Lenzing. It includes KPI`s on employees' engagement, performance enablement and inclusion. Other work climate related topics like Company leadership, departmental collaboration, working conditions and resilience are also covered by the survey (34 questions in total). The first round took place in September 2023, with a participation rate of more than 76 percent (more than 6,300 employees). The 2024 survey had to be postponed to 2025 due to far-reaching organizational changes in Q4 2024, when it was planned originally. The next survey is planned for Q2 2025. Afterwards, a workshop, including the Managing Board and HR, is planned to develop corporate measures to improve the working climate.

Survey results are anonymous for evaluation and reporting purposes. A summary of the results and the trends at the individual sites are discussed at Group management level. Based on these discussions and the local/department results the site management teams determine actions to improve the internal working climate. The aim is to create the most positive and attractive working environment possible for all employees in the Lenzing Group.

### Contractors

[GRI 403-7]

A large number of workers who are not directly employed by the Lenzing Group work at Lenzing operating sites and premises. As a result, contractors are carefully selected, with due consideration given to the strict occupational safety criteria Lenzing sets for its own employees.

Most have certified management systems for occupational health & safety. Where this is not possible, the company expects its contractors to be part of the regional contractor competency schemes or to implement additional controls to monitor occupational health and safety if this is not possible. Lenzing also has a nominated person as a direct contact for these contractors working under its control. When it comes to landlord and tenant health & safety, responsibility is shared and managed appropriately.

## Family-related leave

[ESRS S1-15, GRI 401-3]

100 percent of Lenzing's employees are entitled to take paternity, maternity and parental leave. 61 percent of Lenzing's employees are entitled to take carer's leave. Sites where employees are not entitled to take carers' leave are the production sites in Indianópolis (Brazil), Prachinburi (Thailand), Purwakarta (Indonesia) and the offices in Türkiye, China, India, Hong Kong, Singapore, Taiwan and USA.

In 2024, 11.97 percent of employees took family related-leave, of which 16 percent were female and 84 percent were male.

### Parental leave

[GRI 401-3]

The length of parental leave depends on the country-specific definitions in the respective labor laws and can range from a few days to several months. In the reporting year, 156 men and 68 women were on parental leave, of which 153 men and 36 women returned in 2024. 135 men and 48 women are still employed by the company 12 months after their return.

## Annual total remuneration ratio

[ESRS S1-16, GRI 2-21]

The annual total remuneration ratio is 41 in 2024 (2023: 22). Compared to last year, the calculation methodology has been refined this year. Last year, the annual salary and bonuses (if targets were achieved) were used for the annual remuneration. This year, however, all components of the total compensation ratio were used in detail in close cooperation with the legal entities. The number includes the total remuneration before taxes and including boni. It reflects the remuneration paid in the respective financial year. For further information regarding remuneration, please see the Remuneration Reports (Report 2024 available from March 20, 2025**)**.

## Gender pay gap

[ESRS S1-16]

The total gender pay gap for the Lenzing Group, including all Lenzing entities, is 23.90. The calculation method corresponds to the calculation method defined in the ESRS standard. The Gender Pay Gap is represented as a ratio, where 0 is the ideal value, indicating that men and women are paid equally for the same amount of work. Higher positive values signify a greater disparity in pay between genders, where women earn less than men. For instance, if a man's salary is double that of a woman, the pay gap ratio is 50.

With regard to the gender pay gap, Lenzing recognizes that there is still room for improvement. Nevertheless, Lenzing believes that it is already on the right track. The detailed presentation by category makes it easier to recognize which groups require special attention.

[GRI 405-2]

## Gender Pay Gap

Table 64

| | Blue collar worker | | | | White collar worker | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Operations | Junior Professional | Seasoned Professional | Clerical | Supervisory | Middle management | Senior Management |
| Lenzing Group | 23.84 | 17.03 | 88.63 | only male (1 ee) | –6.73 | 25.45 | 6.76 | 18.74 |
| **Sites** | | | | | | | | |
| Lenzing (Austria) LAG | 8.03 | 16.76 | –5.77 | | 2.94 | 7.29 | 1.17 | 12.49 |
| Heiligenkreuz (Austria) LFG | 6.06 | 32.08 | only male | | –13.26 | 14.44 | 23.35 | 30.14 |
| Paskov (Czech Republic) LBP | 7.76 | –0.54 | 7.48 | | 0.00 | 19.49 | –8.00 | |
| Paskov (Czech Republic) LBS | 16.72 | 0.00 | 0.00 | | 0.00 | 13.45 | 100.00 | |
| Grimsby (United Kingdom) LGL | –3.97 | 48.51 | –5.17 | | 8.64 | 1.32 | –23.25 | |
| Mobile (USA) LFI | 10.14 | 7.38 | 0.00 | | only female | 18.92 | 1.04 | only 1 ee |
| Indianópolis (Brazil) LDC | 30.68 | 35.85 | 41.83 | only male | 15.74 | 10.59 | 30.99 | only male |
| Purwakarta (Indonesia) SPV | –77.84 | –36.45 | 0.00 | | 0.00 | 7.72 | 11.13 | only male |
| Prachinburi (Thailand) LTL | –22.17 | –9.82 | 15.52 | | 6.97 | 20.19 | 16.46 | only male |
| Nanjing (China) LNF | 2.09 | 1.87 | only male | | only female | 12.08 | –2.70 | only 1 ee |

# Raised concerns and human rights incidents

[ESRS S1-17; GRI 406-1]

65 complaints were filed through the Lenzing Group whistleblower system and 96 through the whistleblower system of Lenzing's joint venture LD Celulose in Indianópolis (Brazil). No cases of discrimination or (severe) human right abuses, based on Discrimination ILO 111 Article 1, within Lenzing's own workforce were filed, reported or recorded within in the reporting year. Consequently Lenzing did not receive any penalties and paid no fines or compensation for damages, related to such cases or incidents.

# Own workforce stakeholder engagement

[GRI 3-3f]

### Employees

Lenzing's staff constitutes a special stakeholder group. For more information on communication with employees and employee representatives, please see the "Communication" section of this chapter.

To achieve Lenzing's health & safety vision – "LEAVE HOME HEALTHY, COME HOME HEALTHY" – different activities and initiatives are conducted for Lenzing's employees, such as specific training sessions and monthly safety webinars. Safety dashboards ensure employees have access to daily reports on key safety performance metrics in order to take appropriate measures when needed.

### Customers

Lenzing was in exchange with customers. Customer audits were conducted at various Lenzing sites, focusing on labor standards and fair labor practices. Customer questionnaires on relevant topics were also completed during the year. This also benefits employees as audit findings help to identify impacts.

# ESRS S2 Workers in the value chain

MANAGEMENT APPROACH

## Material topic: Workers in the value chain[56]

[ESRS 2 MDR-A 68a; GRI 3-3]

Lenzing's business activities are linked to the textile and nonwovens industry as well as the chemical and forestry industry. The company acknowledges the vital role of a capable and motivated workforce within the value chain and is committed to making a positive impact wherever feasible. Lenzing is dedicated to lead by example and endeavors to ensure compliance with legislation, the principles of human rights, and environmental standards within its own operations, as well as among its suppliers and along its value chains. Through regular audits and corrective actions taken by Lenzing in case of non-compliance, Lenzing continually strives to only engage with suppliers that adhere to international and national human and labor rights.

### Potential negative impacts

- Child labor: Negative impact on children in Lenzing's value chain, as child labor is common in textile manufacturing (value chain)
- Forced labor: Negative impact on forced laborers in Lenzing's value chain, as forced labor is common in textile manufacturing (value chain)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Policy on Human Rights and Labor Standards
- Global Supplier Code of Conduct
- Global Code of Business Conduct
- Wood and Pulp Policy
- Sustainability Policy

### Actions taken [ESRS 2 MDR-A 68a]

- Hotspot analysis for forced and child labor was conducted across the entire value chain in 2024
- Supplier screening and engagement (EcoVadis) to avoid cases of human and labor rights violations in the upstream value chain
- Wood suppliers providing FSC® Controlled Wood are required to acknowledge and implement the Supplier Code of Conduct as well as the Wood and Pulp Policy
- Together for Sustainability: Lenzing conducted four audits through the Together for Sustainability (TfS) network in 2024
- EcoVadis: Lenzing has implemented a minimum acceptable score for its suppliers' EcoVadis sustainability ratings; if a supplier falls below the minimum score, Lenzing automatically requests the submission of a corrective action plan within 3 months
- Lenzing has established quarterly Supply Chain Sustainability Risk Management meetings

### Further actions (not described in more detail in S2-4)

- FSC® or PEFC certification (For more information on Lenzing's assessment of its wood and pulp suppliers, please see the "Sourcing" section and the "Supplier evaluation" section of the "Business conduct" chapter.)
- Member of UN Global Compact

### Sustainability targets

- "Supplier engagement" target

### Stakeholders

- Suppliers
- EcoVadis
- Together for Sustainability (TfS)
- Direct customers

### Responsible

- CEO
- SVP Global Supply Chain/Purchasing
- SVP Commercial Pulp, Biorefinery & Co-Products, Wood

### Supporting

- Corporate Sustainability

[56] The current list of material topics related to workers in the value chain focuses on the most critical issues. Given Lenzing`s present state of knowledge, other important topics are not yet considered material. However, the company is actively researching and gathering additional insights to support a more comprehensive reassessment of those topics in the future.

## Strategy

[ESRS S2 ESRS 2 SBM-2]

The Lenzing Group strongly supports globally recognized human rights, and vehemently opposes any form of violations of such rights. This commitment extends to safeguarding the rights of all workers within its sphere of influence, aligning with the Universal Declaration of Human Rights, the UN Global Compact (UNGC), the OECD Guidelines for Multinational Enterprises and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO). These principles, which as far as possible protect employees and workers throughout the value chain, are fully respected and followed by the Lenzing Group. For more information, please see the "Stakeholder workers in the value chain and strategy" section in the "ESRS 2 General disclosures" chapter.

[ESRS S2 ESRS 2 SBM-3]

Lenzing`s value chain encompasses a diverse range of workers who could be materially impacted.

In the upstream value chain, foresters and loggers are crucial in sourcing raw materials from forests, and in ensuring that sustainable practices are followed. Wood and pulp suppliers provide essential materials for the company`s production processes, while chemical suppliers deliver the necessary chemicals for its manufacturing needs. Additionally, workers involved in transportation and logistics, such as truck drivers, dock workers, and warehouse staff, play a key role in ensuring the safe and efficient movement and storage of raw materials along the supply chain.

In the downstream value chain, waste management companies handle the disposal and recycling of the company's waste, thus ensuring environmental compliance. Transportation and logistics providers are responsible for the efficient movement of the company's products to various markets. Production workers are involved in the manufacturing and assembly of its products, and in ensuring that quality and safety standards are met. Furthermore, garment workers and textile manufacturers are key in transforming raw materials into finished textile products, while retail workers and distributors ensure that these products reach consumers. Workers in the nonwovens industry, including those in product development and manufacturing, play a significant role in creating nonwoven materials used in various applications.

Moreover, workers involved in the operations of joint ventures or special purpose vehicles (SPVs) that include Lenzing as a participant are also impacted. These workers, although not directly employed by Lenzing, contribute significantly to the joint projects or specific tasks for which these legal entities were established.

Lenzing has begun a detailed assessment of its impacts on its upstream and downstream value chains. In this initial phase, the collection of data on vulnerable groups (such as migrant workers, women, and young workers) or workers with specific characteristics is ongoing, and reliable findings are not yet available. Consequently, it is not yet possible to specify in detail which workers in the value chain are (likely to be) materially impacted by the company's business practices or, in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the company operates or has sourcing or other business relationships (for instance, child labor or forced labor in particular commodity supply chains in specific countries or regions), or (ii) related to individual incidents (for instance, in case of an industrial accident or an oil spill) or to specific business relationships.

According to the ILO, migrant workers, women, children, indigenous peoples, ethnic minorities, prisoners, and workers in global supply chains are particularly vulnerable to forced labor due to discrimination, exploitation, and lack of legal protections. Child labor, as the name indicates, affects children. ILO further states that in child labor, boys are slightly more affected than girls and it is more likely to occur in rural areas than in urban areas.

As a company involved in the chemical and forestry industries, Lenzing sources products from several countries that can exhibit heightened risks of child labor and forced labor. Additionally, garment production may occur in regions where systemic risks related to forced labor and modern slavery are prevalent. Certain regions in the value chain, including Asia, South America, Central America and the Caribbean, as well as Eastern Europe and Eurasia, have been identified as having an elevated potential for such risks due to socioeconomic vulnerabilities, inadequate labor law enforcement, and complex supply chain dynamics.

Lenzing also sources regionally at its locations, some of which are situated within these identified regions, further highlighting the importance of addressing potential risks and ensuring responsible practices across the value chain.

## Impact, risk and opportunity management

## Policies

[ESRS S2-1; GRI 2-23, 2-25, 3-3c, 414-2]

The five policies in this section address the two negative impacts of this chapter: negative impacts on children in Lenzing's value chain, as child labor is common in textile manufacturing, and negative impacts on forced labor in Lenzing's value chain, as forced labor is common in textile manufacturing. The scope of the Policy on Human Rights and Labor Standards relates solely to the sphere of influence, which encompasses both the upstream value chain as well as direct customers. The scope of the Lenzing Global Supplier Code of Conduct and the Wood and Pulp Policy relates solely to the upstream value chain.

**Sustainability Policy**
In its Sustainability Policy, Lenzing is committed to protecting human rights and labor standards for all team members within its sphere of influence. The company empowers its employees and motivates partners along the value chain to become drivers of change and sustainability efforts. Lenzing fosters awareness, knowledge, and skills among its workforce, contractors, and supply chain partners, enabling them to implement sound environmental and social practices in order to achieve strong and positive performance levels. For more information about the ESRS 2 MDR-P of Lenzing's Sustainability Policy, see the "Sustainability Strategy" section in the "ESRS 2 General disclosures" chapter.

**Lenzing Global Code of Business Conduct**
Lenzing's Global Code of Business Conduct serves as a guideline for its own business activities. Furthermore, Lenzing is committed to very closely monitoring the risk of violations of human rights and environmental obligations, both in its own operations and throughout its entire supply chain. The Global Code of Business Conduct was created according to the recommendations of the UN Global Compact, of which Lenzing is a member. FSC® certification provides assurance that forest management work takes into consideration aspects such as respect for the rights of indigenous people, the wellbeing of the professionals who work in the forest and local communities, the reduction of environmental impacts, and the promotion of native forest conservation and restoration efforts. For further information on the ESRS 2 MDR-P of Lenzing's Global Code of Business Conduct, please see the "Policies" section in the "G1 Business conduct" chapter.

**Lenzing Global Supplier Code of Conduct**
Lenzing requires its suppliers to operate in accordance with the principles outlined in its Lenzing Global Supplier Code of Conduct and to fully comply with all applicable laws and regulations. The use of child labor is strictly prohibited under any circumstances. Suppliers are required to maintain official documentation verifying each worker's date of birth, and to ensure adherence to all relevant child labor laws, including those related to hiring, wages, hours worked, overtime, and working conditions. Furthermore, forced, bonded, or involuntary labor is strictly prohibited, and all work must be voluntary. Slavery and human trafficking are not tolerated, and suppliers must uphold these principles in all aspects for their operations. For further information about the ESRS 2 MDR-P of Lenzing's Global Supplier Code of Conduct, please see the "Policies" section in the "G1 Business conduct" chapter.

**Wood and Pulp Policy**
Moreover, Lenzing enforces a stringent Wood and Pulp Policy, thereby committing not to source materials from controversial origins. If it is found that a supplier has sourced wood or pulp from such sources, or has violated human or labor rights, Lenzing will initially work with the respective supplier to encourage compliance with its Wood and Pulp Policy. Should the supplier's response remain unsatisfactory, and if violations are not corrected promptly, Lenzing will cease its business relationship with this supplier. For further information on the ESRS 2 MDR-P of the Wood and Pulp policy, see the "Policies" section in the "E4 Biodiversity and ecosystems" chapter. For information on terminated supplier relationships, please refer to the "Wood and dissolving wood pulp certifications" in the "G1 Business conduct" chapter.

**Policy on Human Rights and Labor Standards**
Lenzing is dedicated to meeting—and wherever possible, exceeding—all applicable social and ethical standards across its global network, while protecting human rights within its sphere of influence. This commitment extends to its suppliers, which are expected to uphold the same high standards. Lenzing fosters compliance with its high internal standards and all applicable external requirements on a continuing basis through training programs and risk-based auditing for suppliers. For more information about the ESRS 2 MDR-P of the Policy on Human Rights and Labor Standards, which is aligned with international instruments such as the United Nations (UN) Guiding Principles on Business and Human Rights, see the "Policies" section in the "S1 Own workforce" chapter.

In the 2024 reporting year, no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises were reported in the upstream value chain.

In its Policy on Human Rights and Labor Standards, Lenzing is committed to identifying, preventing, mitigating, and remediating any actual or potential adverse human rights impacts associated with its operations and business relationships. This commitment includes ensuring that appropriate remedies are provided to affected individuals, workers, and local communities, including indigenous peoples, through both judicial and non-judicial mechanisms. At present, the only written procedure in place is Lenzing's child remediation procedure, the scope of which includes Lenzing sites and third parties on the sites. Currently, Lenzing policy commitments do not include a general approach for its engagement with value chain workers.

# Channels and remediation

[ESRS S2-2]

At present, Lenzing does not yet have established a standardized process for engaging with workers in its value chain.

[ESRS S2-3; GRI 2-25]

**Grievance mechanisms**
In 2017, Lenzing introduced an online-based whistleblower system designed to empower not only its employees but also customers, suppliers, and other third parties around the world to voice their concerns. This platform enables individuals to report issues such as corruption, bribery, conflicts of interests, antitrust violations, and breaches of capital market law. The BKMS® whistleblower system, or "Tell us", is accessible on the Lenzing's website, ensuring that anyone can express their concerns anonymously. The anonymous reporting feature ensures that individuals worldwide can share their concerns without the fear of retaliation, this is also stated in Lenzing`s Global Code of Business Conduct. For more information on the Whistleblower System, it's anonymous reporting feature, report processing and its effectiveness, as well as for further information on the system and process, please refer to the "Whistleblower system" and "Handling of reported concerns" sections in the "G1 Business conduct" chapter.

As far as such channels at Lenzing's suppliers are concerned, Lenzing's Global Supplier Code of Conduct states: "Suppliers are required to provide means for their employees to report concerns or potentially unlawful activities in the workplace. Any report should be treated in a confidential manner, wherever possible. Suppliers are required to investigate such reports and take corrective action if needed. It is expected that suppliers shall not retaliate against or harass any employee submitting a report in good faith."

**Processes of remediation**
Lenzing's Policy on Human Rights and Labor Standard addresses the topic of remediation (see "Policies" section in this chapter). At present, however, Lenzing's child remediation procedure is the only written procedure in place. It has not yet been possible to measure the effectiveness of this procedure as no cases were reported during the year under review.

# Actions

[ESRS S2-4; GRI 3-3d]

A summary of the “Actions taken” can be found in the management approach at the beginning of this chapter. All actions mentioned below aim at fulfilling the “Supplier Engagement” target, by getting more insights into Lenzing’s suppliers, human rights violations can be prevented and/or mitigated.

In the reporting year, Lenzing has not identified any incidents and therefore, did not provide remedy in relation to an actual material impact. As there are no identified incidents, Lenzing cannot make a statement on the effectiveness of actions. The company is working to deepen its understanding of the value chain to ensure that own practices do not cause or contribute to material negative impacts on value chain workers. Therefore, Lenzing cannot state if or if it does not cause or contribute to material negative impacts.

## Upstream and downstream value chain – hotspot analysis

In the reporting year, a hotspot analysis for forced and child labor was conducted across the entire value chain. This analysis served as a first step to gain deeper insight into the value chain, and the results will be used as a basis for deriving possible actions in the next steps.

## Suppliers

Lenzing’s suppliers are required to declare that they have read and understood Lenzing’s Suppliers Code of Conduct and that they will comply with it. It is planned to be expanded.

Lenzing started including sustainability clauses in the contractual conditions for its key chemical suppliers in 2022, and since then has continued to implement such clauses in contractual conditions. These conditions include setting greenhouse gas (GHG) reduction targets approved by the Science Based Targets initiative, in order to provide information about the product carbon footprint and water scarcity at facilities where Lenzing sources products.

### Wood and pulp suppliers

Lenzing uses FSC® or PEFC for wood and pulp supplies. For more information on Lenzing’s assessment of its wood and pulp suppliers, please see the “Sourcing” section and the “Supplier evaluation wood and pulp” section of the “G1 Business conduct” chapter.

In 2024, all wood suppliers providing FSC® Controlled Wood to the company were formally notified of the expectation that they acknowledge and implement the requirements outlined in the company’s Supplier Code of Conduct and Wood & Pulp Policy. This initiative reinforces the company’s commitment to responsible sourcing and highlights the importance of collaborative efforts in promoting sustainable forestry practices.

### EcoVadis

EcoVadis is a provider of business sustainability ratings that has rated more than 100,000 companies in over 175 countries worldwide. Related topics cover the environment, human and labor rights, ethics and sustainable procurement, depending on the industry and the size of the rated company. Within the human and labor rights section of the questionnaire, companies are rated with regard to social aspects in the following areas: employee health and safety, working conditions, social dialog, career management, child labor incidents, among others. In the overall ranking, companies can achieve a rating between zero to 100.

Lenzing aims to encourage an ever-increasing number of its suppliers to be assessed by sustainability rating providers such as EcoVadis. This is in line with Lenzing`s “Supplier Engagement” target.

In 2024, the average score of Lenzing’s EcoVadis-rated suppliers was 55.6 (+8.6 points higher than the average global EcoVadis score of 47 points) and +8.6 points better as compared to benchmark. The overall performance also increased by 1.4 points compared to 2023 (54.2). This clearly shows that suppliers in Lenzing’s supply chain perform continuously and significantly above average of suppliers assessed by EcoVadis. Lenzing is working continuously with its suppliers to improve their sustainability practices.

Supplier performance is monitored in the EcoVadis dashboard, which uses various sources to monitor suppliers, such as in its “360° Watch”. AI (artificial intelligence) is used to search worldwide for news items about a company. Such findings are then evaluated as positive, neutral, or negative. Major negative findings can impact a company’s overall score. Discussions about the findings from supplier monitoring and corresponding corrective actions that are taken form part of regular reviews by Lenzing’s purchasers and management.

In 2023, a decision was taken to only engage with suppliers that have a minimum EcoVadis score of 45 points. The realization of this objective entails continuous effort. If a supplier falls below this minimum score, Lenzing will engage with this supplier to start a corrective action plan in order to be able to maintain the relationship. Lenzing automatically requests the submission of a corrective action plan within three months. The success of proposed corrective actions is reviewed after the elapse of an appropriate period of time. If no corrective action plan is launched, Lenzing terminates the relationship with the respective supplier. No such terminations arose in 2024.

### Quarterly Supply Chain Sustainability Risk Management meetings

To support this measure, Lenzing purchasers and Lenzing’s Global Purchasing Sustainability manager engage in regular dialog. Furthermore, Lenzing has established a quarterly Supply Chain Sustainability Risk Management meeting. These meetings are attended by purchasing managers as well as supply chain and sustainability experts, who discuss and manage risks and opportunities, both internally and externally. The risk assessment of Lenzing’s lowest performing suppliers also forms part of these meetings, and includes considerations related to human rights. By regularly reviewing and acting upon suppliers’ performance, the target is to mitigate or minimize negative impacts on value chain workers. A further aim is to raise awareness of the need for sustainability risk management not only within Lenzing’s purchasing community, but also among its suppliers.

### Together for Sustainability (TfS)

Audits conducted through the Together for Sustainability (TfS) network also assess the performance of some of Lenzing’s suppliers in terms of human rights, thereby ensuring compliance with all applicable legislation, such as the UN Convention on the Rights of the

Child and the ILO conventions, among others. For additional information about the TfS, please see the “Stakeholder engagement” section of this chapter.

Lenzing conducted four audits through this network in 2024, and can also use the results of audits performed by other TfS members, as such audits of suppliers are shared among network members. The audits did not detect any severe human rights issues. Lenzing will continue to conduct audits through TfS.

### Allocated resources

The allocated resources for managing the material impacts on workers in the value chain are as follows:

- In Global Purchasing: a Purchasing Sustainabiltiy expert
- In Corporate Sustainability: a Social Sustainability expert

## Metrics and targets

[ESRS S2-5; GRI 3-3e, GRI 407-1, 408-1, 409-1]

See “targets” in the management approach at the beginning of this chapter. All of Lenzing’s sustainability targets and the process of setting and monitoring (ESRS 2 MDR-T 80g, 80j) can be found in the “Sustainability targets, measures and progress” section in the “ESRS 2 General disclosures” chapter.

| **Supplier engagement** | **To engage key suppliers, covering more than 80 percent of spend, to improve sustainability performance** | **Continuous On track** |
|---|---|---|
| Measure(s) | Lenzing assesses 95 percent of its top suppliers representing 80 percent of spend via EcoVadis, the Together for Sustainability Audit or an internal assessment/audit by 2025. | **2025 On track** |
| | Lenzing considers climate, water and chemical aspects in the procurement contractual process of its top chemicals suppliers | **Continuous On track** |
| Progress made in 2024 | More than 800 of Lenzing's suppliers are assessed and monitored by EcoVadis. Four suppliers were audited by Lenzing through the Together for Sustainability audit program. Engaging and onboarding suppliers is an ongoing process, whereby buyers strive to engage the biggest possible portion of all of Lenzing’s key suppliers. Around 60 percent of the Global Procurement spend, including wood and pulp was covered by these assessments. Supply agreements signed with the top chemical suppliers include sustainability clauses. | |

Lenzing ensures compliance in terms of the social aspects of its pulp supply through FSC® certification, thereby aligning with the requirements of ILO and Lenzing’s Global Code of Business Conduct and the Global Supplier Code of Conduct. Its chemical supply chain is monitored via EcoVadis assessments, occasionally complemented by TfS audits and Lenzing’s own supplier site visits. In 2024, the company was not aware of any significant risks of child labor, forced labor, or compulsory labor, or of potential threats to the right of freedom of association and collective bargaining among suppliers.

In the 2014 baseline year, the “Supplier Engagement” target was set for the first time. Zero assessments conducted formed the baseline value. While no direct engagement occurred with workers in the value chain, their legitimate representatives, or other external stakeholders, when setting the targets, tracking performance, or identifying improvements, several internal stakeholders played a crucial role. These included the Corporate Sustainability Department, the Site Teams, and the Procurement Team, which were instrumental in setting these targets.

The “Supplier Engagement” target is based on the internationally recognized third parties EcoVadis and the Together for Sustainability (TfS) network. EcoVadis and the corresponding audits play a crucial role in mitigating negative impacts on value chain workers. They provide a comprehensive evaluation of suppliers’ social and environmental performance, enabling the identification and management of material risks and opportunities related to workers in the value chain. Such evaluations align with all applicable legislation, international frameworks such as the OECD Due Diligence Guidance, the ILO, GRI, the ten principles of the UN Principles on Business and Human Rights (UNGPs), and contribute to Sustainable Development Goals (SDGs) 12 and 17 by promoting sustainability and collaboration across the value chain, among other objectives.

Firstly, the calculation of the percentage of spend takes into account the total procurement volume of the year 2023 from Global procurement (all except wood and pulp), and the share of suppliers as assessed in 2024. Secondly, at least 99% of the wood and pulp suppliers were assessed through forest certifications and/or internal due diligence. The weighted average of these two components is the final percentage of assessed supply spend.

At present, no specific targets have been established for workers in the downstream value chain. The focus in target setting is on Lenzing’s sphere of influence. However, the company acknowledges the importance of this aspect and is committed to further assessing potential measures to enhance social sustainability across all stages of the value chain.

## Workers in the value chain stakeholder engagement

[GRI 3-3f]

**Suppliers**
The Lenzing Group maintains continuous engagement and dialog with its suppliers and strives to establish and maintain long-term partnerships. All Lenzing Group suppliers must adhere to the Lenzing Global Supplier Code of Conduct. Wood and pulp suppliers are also required to follow the Wood and Pulp Policy, which prioritizes purchasing from wood and pulp suppliers that complies with FSC® or PEFC standards. Suppliers are required to grant Lenzing, or its representatives, access to their facilities and relevant records given advance notice. Lenzing is permitted to conduct assessments in order to ensure compliance.

### EcoVadis

The Global Purchasing team undergoes ongoing training facilitated by EcoVadis in order to thereby meet Lenzing's commitment to supply chain due diligence and to enhance supplier engagement. This training occurs through EcoVadis platform sessions or internal training sessions, and utilizes information from the EcoVadis website. Further sustainability related topics are also addressed. Purchasing specialists who participate in these initiatives gain access to the EcoVadis platform, where the EcoVadis Academy additionally enables them to deepen their understanding of sustainability.

### Together for Sustainability (TfS)

Lenzing joined the Together for Sustainability (TfS) initiative in 2022. TfS, an initiative led by chemical and pharmaceutical companies, provides members with access to a global network of assessed and audited suppliers, thereby generating sustainable procurement efficiencies. By sharing performance progress based on common principles within the TfS community, transparency and unity are enhanced, which benefits both chemical companies and their suppliers. Furthermore, buyers can deepen their knowledge through the TfS Academy.

### Direct customers

Lenzing collaborates closely with partners that utilize Lenzing's fibers to produce textiles, nonwovens, and industrial products, ranging from direct customers through the retail level in the textile and nonwovens sectors.

In meeting growing demand for transparency and traceability, Lenzing has also introduced TextileGenesis™, a blockchain-enabled value chain traceability platform. Various textile value chain companies have joined the platform since 2022. For more detailed information, please see the "Transparency" chapter.

# ESRS S4 Consumers and end-users

MANAGEMENT APPROACH

## Material topic: Consumers and end-users

[ESRS 2 MDR-A 68a; GRI 3-3]

Environmental concerns are becoming more important for consumers and end-users in their choices to purchase garments and nonwoven products. The Lenzing Group's "Better Growth" strategy emphasizes its eco-friendly fibers (TENCEL™, LENZING™ ECOVERO™, and VEOCEL™) to meet this growing demand. The strategy is guided by sustainability, innovation, excellence, and premiumization, driven by the climate crisis and awareness of sustainable living. Developing premium products and services enables Lenzing to effectively meet both customer needs and market requirements at the highest level.

### Negative potential impacts

- Health and safety: Potential negative impact on consumer's health and safety in case of non-compliance (own operations & downstream value chain)

### Risks

- Health and safety: Risk of law suits, monetary and reputational loss in case of non-compliance (own operations)

### Opportunities

- Health and safety: Opportunity for market-leadership in terms of product safety and consistency, application performance and service (own operations)
- Health and safety: Opportunity to achieve business and sustainability targets by monitoring and improving manufacturing processes (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Quality Policy
- Policy for Safety, Health and Environment
- Product Safety Policy
- Global Code of Business Conduct
- Global Supplier Code of Conduct
- Clean & Hygiene Standards

### Actions taken [ESRS 2 MDR-A 68a]

For consumers and end-users indirectly

- Re-certification for OEKO-TEX® STANDARD 100 for all fiber products from Lenzing's production sites ensuring all products meet high product safety standards
- Re-certification for Asthma Allergy confirming that certified nonwoven fibers reduce the risk of skin allergies
- Re-certification "OK Biodegradable WATER" for fibers confirming the biodegradability of Lenzing fibers in fresh water
- Routine risk assessments for intentional ingredients are carried out
- Continuous monitoring and assessment of impact of business-specific regulations, standards, and requirements
- Commissioning of new fiber types in their production lines at several production sites (e.g. Black viscose fiber variants in Purwakarta-Indonesia; Lyocell fibers with new components in Mobile-USA and Heiligenkreuz-Austria)
- Overview and monitoring of product safety & regulatory relevant legislation and regulations
- Evaluation of new legislation or changes in directives, regulations and standards according to their impact on Lenzing products and their intended uses
- Maintaining an extensive third-party certification portfolio to demonstrate the safety of the products in the appropriate area of use
- Regular tests of products against stringent external third-party standards, norms and regulations for product safety and compliance in the respective areas of use

For direct and indirect customers

- Lenzing Group's ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 certifications maintenance

**Further actions** (not described in more detail in S4-4)

- Collaboration across the entire value chain to support customers and brands
- Continued roll-out of automated quality performance reports and visualizations providing real-time information to the Lenzing community
- Optimization of customer service processes to improve customer experience
- Quality process management including risk assessments and internal audits to ensure the effectiveness of the measures and standards implemented
- Maintain a database of intentional product ingredients and perform risk assessments
- Implementation of a holistic Management of Change (MoC) process
- Continuation of Chemical Management Group Standard roll-out

### Stakeholders

- Consumers and end-users
- Direct customers and brands & retailers

### Responsible

- Global Quality, Product Safety & Regulatory Affairs

### Supporting

- Global Business Management (Textiles and Nonwovens)
- Global Business Management (Pulp and Wood)
- Operations Service Group (Global Technology, Improvement)
- Global Technical Marketing & Development
- Global innovation

- Initiation of several activities related to updating existing standards (e.g. updated Clean & Hygiene standard, new internal quality standards, harmonization of defect reporting) and improving quality monitoring
- Customer Service

## Strategy

[ESRS S4 ESRS 2 SBM-2]

Consumers are becoming increasingly more conscious when making purchase decisions, requiring more transparency on products' environmental and social impact, functional performance, safety classification and production traceability throughout the value chain. For information on Lenzing`s strategy in relation to its consumers and end-users, please see the "Stakeholder consumers & end-users and strategy" section in the "ESRS 2 General disclosures" chapter.

### Product assurance for direct and indirect customers

[ESRS S4 ESRS 2 SBM-3]

Lenzing's strategy is described in its Quality Policy. To uphold the quality standards and fulfill Lenzing's commitment, Lenzing invests in people and their skills and their development, and innovation and engages actively with raw material suppliers to establish long-lasting relationships. Customer feedback and product benchmarking drives continuous improvement in Lenzing's operations, services and products and delivers added value to Lenzing and its customers.

### Product safety for consumers and end-users

It is imperative that Lenzing's products meet and, where possible, exceed applicable safety standards and legislation. In the Lenzing Product Safety Policy, Lenzing pledges to drive compliance and high internal standards on a continuous basis through appropriate reviews and evaluations.

The purpose of the Product Safety & Regulatory Affairs (PSRA) department is to take all necessary steps and measures so that the cellulose products sold by the Lenzing Group (regenerated cellulose fibers and webs, filaments and cellulose powders) comply with the laws, regulations and standards pertaining to the nonwoven and textile fiber businesses and are safe for the identified intended uses.

Measures are taken after consideration of all consumers and end-users without making specific classifications. The nature of the measures is based on the identification of the most sensitive sub-group, incorporating particular characteristics for the intended use (e.g., children versus adults, pregnant versus non pregnant women, etc.), with the corresponding considering impact on health and safety and requirements applied to the rest of the consumer and end-user sub-groups. The focus on the most critical sub-group for each intended use delivers a better product portfolio overall, with features exceed the actual requirements applied of all consumers and end-users, thus helping to an even further minimized risk of non-compliance regarding potential material negative impact carried over towards the customers. In the case of Lenzing the occurrence of such incidents is not systemic, however, very rarely individual incidents occur. To a substantial degree, this approach also covers the potential health and safety risk of fibers being integrated into finished products by manufacturers with intended uses other than the ones suggested by Lenzing.

LENZING™ fiber products undergo product safety testing to ensure consumer health and safety from Lenzing's side. However, responsibility for consumer health is predominantly borne by the companies that manufacture finished products using Lenzing fibers.

## Impact, risk and opportunity management

[ESRS S4-1; GRI 2-23, 2-25, 3-3c]

# Policies

Established policies at Lenzing adopt the general OECD Guidelines for multi-national enterprises (e.g., consumer health and safety, fair marketing practices etc.). These not only form part of its strategy for product assurance and safety, but also support the effort to produce high-quality products that cover all consumers and end-users needs related to personal safety, wellbeing and functional convenience without any distinction or categorization.

The Lenzing policies mentioned in this chapter cover consumers and end-users indirectly. Lenzing primarily operates in a business-to-business (B2B) environment whereby its products are converted into finished products by its direct and indirect customers, who predominantly bear the responsibility of how the finished products impact the human rights of consumers and end-users. Therefore, Lenzing does not have dedicated human rights policy commitments on health and safety relevant to consumers and end-users, nor any dedicated remediation approach besides the public availability of the whistleblower system.

**Quality Policy**

Lenzing emphasizes innovation and technology in manufacturing high-quality products, collaborating closely with its key suppliers for consistency. The company adopts a customer-centric approach and involves all employees in enhancing standards. To provide immediate technical support, global centers of excellence are established. Continuous improvement is driven by customer feedback and product benchmarking. Lenzing has a group-wide integrated management system, setting and reviewing challenging targets and key performance indicators to enhance systems. Lenzing ensures compliance with regulations and legislation that affect Lenzing businesses and products and employs (independent) third-party certifications for standards and products, and management systems. The Vice President of Operations Service Group is the most senior level who is ultimately accountable for the implementation of this policy, while the Head of Quality & PSRA Management is responsible for its actual implementation. The content of the policy is aligned with the requirements set forth in the ISO 9001 certification requirements. Lenzing's Quality Policy covers all legal entities, as well as the products and services provided to its customers.

The Quality Policy covers the following opportunities: Opportunity to achieve business and sustainability targets by monitoring and improving manufacturing processes; Opportunity for market-leadership in terms of product safety and consistency, application performance and service.

**Product Safety Policy**
This policy is guided and driven by high corporate values. With this policy, Lenzing is committed to manufacture high-quality products in line with high environmental and working safety standards and considering the needs and safety of all consumers and end-users. Lenzing maintains an internal database of intentional product ingredients, including safety, health and environmental data. Product testing and labeling plan according to the applicable international standards, certifications, norms and legislation that ensure product safety for all customers and end-users is also in place. Furthermore, Lenzing refrains from animal testing[57] of the products or ingredients, unless this is e required by law or there is no viable alternative. If testing on animals is unavoidable, it is kept to a minimum following the principles of animal welfare as defined by the 3Rs (Replacement, Reduction and Refinement). The Vice President of Operations Service Group is the most senior level who is ultimately accountable for the actual implementation of this policy, while the Head of Quality & PSRA Management is responsible for its implementation. The content of the policy is aligned with the requirements set forth in global and regional regulations related to product safety. Lenzing's product safety policy covers all legal entities as well as the products and services provided to its customers.

The Product Safety Policy covers the following impact and risk: Potential negative impact on consumer's health and safety in case of non-compliance; Risk of law suits, monetary and reputational loss in case of non-compliance.

**Clean & Hygiene Standards**
Lenzing's Clean & Hygiene standards establish rules for Lenzing's production sites aimed at preventing and avoiding of any kind of contamination of the products created, as well as defining design and maintenance principles for a clean working environment. In 2024, the Clean & Hygiene Standards were updated to meet customer expectations and satisfy the continuous improvement principles reflected in Lenzing's Quality Policy. The Head of Global Quality & PSRA Management is the most senior person accountable for the implementation of this standard, ensuring process compliance and overall management. The standard is monitored through regular internal site audits, coordinated and overseen by the Site Quality Control Manager.

The Clean & Hygiene Standards covers the following impact, risk and opportunities: Potential negative impact on consumer's health and safety in case of non-compliance; Risk of law suits, monetary and reputational loss in case of non-compliance; Opportunity to achieve business and sustainability targets by monitoring and improving manufacturing processes; Opportunity for market-leadership in terms of product safety and consistency, application performance and service.

The opportunity for market leadership in terms of product safety and consistency, application performance and service is addressed by the Global Code of Business Conduct. The Global Supplier Code of Conduct covers the following impact, risks and opportunities: Potential negative impact on consumer's health and safety in case of non-compliance; Risk of law suits, monetary and reputational loss in case of non-compliance; Opportunity for market-leadership in terms of product safety and consistency, application performance and service. For further information on the ESRS 2 MDR-P of the Lenzing Global Code of Business Conduct and the Lenzing Global Supplier Code of Conduct, please see the "Policies" section in the "G1 Business conduct" chapter.

The Group Policy for Safety, Health and Environment (SHE) covers the opportunity for market-leadership in terms of product safety and consistency, application performance and service. For more information on the ESRS 2 MDR-P of the Group Policy for Safety, Health and Environment (SHE), see the "Policies" section in the "E2 Pollution" chapter.

## Processes for engaging with consumers and end users about impacts

[ESRS S4-2]

At Lenzing, health and safety are important topics that are taken very seriously. Consumers and end-users do not inform directly the decisions with regard to managing these impacts. Lenzing does not have a general process for engaging with consumers/end-users as the focus is on B2B customers. Lenzing proactively participates in several associations and receives customer feedback from direct and indirect customers. In this way, Lenzing is indirectly informed of the concerns and impacts of consumers and end-users.

### Channels to raise concerns

[ESRS S4-3; GRI 2-25]

An online-based whistleblower system was introduced in 2017 and is designed so that employees, customers, suppliers, and other third parties can voice their concerns. This platform allows individuals to report issues such as corruption, bribery, conflicts of interest, antitrust violations, and breaches of capital market law. Known as the BKMS® whistleblower system, or "Tell us", it is accessible on Lenzing's website, ensuring anonymity. The anonymous reporting feature ensures that individuals can share their concerns without the fear of retaliation. This is also stated in Lenzing`s Global Code of Business Conduct. The public accessibility of this platform permits consumers and end-users to raise potential concerns, without directly addressing Lenzing's direct and indirect customers or relevant associations. Since Lenzing primarily operates in a business-to-business (B2B) environment, in which its products are converted into finished products by its direct and indirect customers, Lenzing cannot control or have direct visibility regarding the impact of the finished product. As a consequence Lenzing has not put any spe-

[57] "as per definition of directive 2010/63/EU"

cific processes or systems in place to provide or contribute to remediation to consumers and end-users, nor does Lenzing require direct and indirect customers to develop and maintain such channels for consumers and end-users.

For further details on the system and process, please refer to the sections "Whistleblower system" and "Handling of reported concerns" in the "G1 Business conduct" chapter.

## Actions

[ESRS S4-4; GRI 3-3d, 416-1]

A summary of the "Actions taken" can be found in the management approach at the beginning of this chapter.

Lenzing takes actions in its own operations to ensure that its products do not harm consumers and end-users and to avoid potential negative impacts on them. Further, to avoid risks and seize opportunities.

**Product assurance for direct and indirect customers**
Independent third-party certifications are in place to certify standards, products, and management systems to ensure compliance with customer and regulatory requirements and to assess their strategic alignment with Lenzing's corporate strategy.

The Product Safety & Regulatory Affairs (PSRA) department manages a variety of external third-party certifications at the global level in relation to product safety for different applications (e.g., food contact, skin contact compliance) and sustainability (e.g. biodegradability) and assesses new certification requests. These certificates serve to ensure transparency and demonstrate the safety and compliance of Lenzing fibers as well as their compatibility in their fields of application. Lenzing continuously takes actions to maintain these certifications, which regularly implement stricter requirements. This ensures Lenzing's continuous contribution to mitigation of negative impacts to customers and end-users. Information on all the Lenzing Group's product certifications is available on this website.

In the reporting period, PSRA undertook several key actions to ensure Lenzing's commitment to product safety and sustainability. Firstly, the for OEKO-TEX® STANDARD 100 recertification was completed. This action ensured that all fiber products meet high product safety standards by complying with internationally recognized standards. The recertification process covered all fiber products from Lenzing's production sites. This annual recertification process ensures continuous compliance, and there were no instances of non-compliance reported in the year.

Additionally, the "OK biodegradable WATER" recertification was achieved in the reporting year, confirming the biodegradability of Lenzing fibers in fresh water[58]. This action promoted environmental compatibility and supported the goals of reducing environmental impact. The recertification included all relevant fiber products.

Furthermore, in the reporting year the Asthma Allergy recertification was obtained. This action confirmed that certified nonwoven fibers reduce the risk of skin allergies, reinforcing the commitment to health and safety. The recertification process included compliance with stringent standards.

In addition to the third-party product certifications, the certification of management systems is also conducted in a continuous manner. Lenzing operates a quality management system based on ISO 9001:2015. Additional quality management systems such as FAMI-QS and Hazard Analysis Critical Control Points (HACCP), are in place for specific business segments. They all form the basis for the relevant work processes and reinforce efforts to achieve complete customer satisfaction. The management of this portfolio of product and systems certifications requires financial resources to cover the costs of internal and external product testing and services provided by certification bodies (e.g., issue of certifications, audits, etc.). In addition, internal administration resources are allocated to handle the interaction with external laboratory facilities and certification bodies. The level of these costs is not significant in relation to the company's revenue. Costs are expected to increase gradually due to inflation and potential price increases from external organizations. Lenzing considers these drivers in the yearly budget allocation to ensure that its product and system certification portfolio is not impacted

**Product safety for consumers and end-users**
As mentioned above, the PSRA department is globally responsible for the safety of Lenzing fibers in their intended uses and for compliance with the laws, regulations, and standards that apply to its fiber businesses.

Therefore, in addition to external third-party certifications, routine risk assessments for intentional ingredients are carried out and the impact of business-specific regulations, standards, and requirements is monitored and assessed. These activities are performed continuously throughout the year according to the revision frequency as required by the certification and governmental bodies. PSRA prepares appropriate declarations/confirmations for customer enquiries on relevant topics and is either personally in contact with industrial associations, or informed by Lenzing representatives on new topics and developments that have an impact on business and product safety. The management of the above-mentioned activities requires internal personnel resources, which at present are sufficient to cover the current demand.

Lenzing actively monitors and evaluates the effectiveness of its actions regarding consumers and end-users through customer feedback, product benchmarking, internal and confidential metrics and targets, and a quality management system.

**Impact and risk assessment on product quality and safety**
Lenzing's continuous strategic direction for product quality and safety demonstrates its commitment to maintaining a leading position in the market, by providing a positive impact in terms of product consistency, functional performance, customer-centric service, product transparency and product safety confidence. In addition, Lenzing supports the fulfillment of its business and sustainability targets by continuously improving manufacturing processes

[58] LENZING™ fibers which are TÜV certified biodegradable (soil, fresh water & marine) and compostable (home & industrial) include the following products: LENZING™ Viscose Standard textile/ nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. An exception in certification exists for the fiber LENZING™ Lyocell Filament, for which the necessary tests to confirm biodegradability within a marine environment have not been conducted.

and proactively monitoring future regulatory requirements. This focus allows Lenzing to maintain a premium product portfolio in a competitive landscape in which several fiber producers are launching alternative offerings. These activities have resulted in an additional positive impact in terms of brand reputation and the general acknowledgment of Lenzing's high standards by major customers. In addition, due to its resource-efficient production process, Lenzing's product portfolio is well positioned with regard to legislations or initiatives related to the reduction of plastic usage.

The versatility of Lenzing's product portfolio application enables it to be used as an alternative component in fields that are predominantly covered by natural and/or synthetic fibers. Although Lenzing's share in such applications is constantly growing, the regulatory and performance requirements landscape is mostly directed by traditional components and their characteristics. Stricter regulations considering traditional components may have a negative impact by creating unnecessary challenges for the respective applications in the usage of Lenzing's products. This risk is managed by Lenzing's proactive participation in the relevant associations that drive changes to the requirements based on governmental regulations and/or consumer and end-user safety. Association meetings are held continuously throughout the year according to the frequency as demanded by potential changes implemented by certification and governmental bodies. The management of the above-mentioned activities requires internal personnel resources, which at present are sufficient to cover current demand.

**Opportunity management: product quality and safety activities**

In the reporting year, the ramp-up plans for the newer production sites in Prachinburi (Thailand) and Indianópolis (Brazil) were finalized, bringing both sites into full operational mode. Several fiber production sites successfully commissioned new fiber types in their production lines (e.g., black viscose fiber variants in Purwakarta-Indonesia; lyocell fibers with new components in Mobile (USA) and Heiligenkreuz (Austria)) to satisfy regional customer needs for regional availability, shorter distribution routes and more environmentally friendly products than current regional offerings.

In 2024, several activities related to updating existing standards (e.g., updating the Clean & Hygiene Standard, new internal quality standards, harmonization of defect reporting) and improving quality monitoring (e.g., quality dashboards for pulp production sites) were initiated. Quality monitoring activities will be continued in 2025 as part of the ongoing improvement and strategic simplification of reporting tools.

Risk analyses and assessments for new intentional and non-intentional ingredients used in the manufacturing of Lenzing products, irrespective of whether they are considered as substances of concern, are carried out via formal compliance reviews. In addition, a broader and systematic testing to confirm the low concentration or absence of substances in Lenzing fiber products, as defined by external associations, has been introduced and is an ongoing measure. Business-specific regulations, standards and requirements are continuously monitored, assessed and documented. As mentioned above, these activities are performed continuously throughout the year, according to industry's best practices and science-based approach, and the revision frequency as required by the certification and governmental bodies. In the reporting year, these assessments did not trigger any additional measures to be compliant with the high internal standards which regularly become stricter to mitigate impact on consumers and end-users. Consequently, Lenzing's products did not require any further improvement in addressing risk increases in relation to health and safety impacts. These activities, as mentioned above, require internal personnel resources, which at present are sufficient to cover current demand.

Lenzing is not aware (through its participation in associations, direct and indirect customer feedback, and input received through their public whistleblower system) that any of its products has caused severe human rights violations or incidents related to consumers and end-users.

Since Lenzing primarily operates in a business-to-business (B2B) environment in which its products are converted into finished products by its direct and indirect customers, Lenzing cannot control or have direct visibility regarding the impact of the finished product.

All the above-mentioned activities in the reporting year were coordinated and/or executed by the Global Quality, Product Safety and Regulatory Affairs department in collaboration with local quality organizations at Lenzing's sites.

## Metrics and targets

[ESRS S4-5; GRI 3-3e, 416-1, 416-2, 417-2]

As of the current reporting period, Lenzing has not set any measurable outcome-oriented targets related to managing material risks and opportunities concerning consumers and/or end-users. As mentioned in Lenzing's strategy, the internal target is to avoid any non-compliance incidents or issues impacting consumers and end-users. Lenzing actively monitors and evaluates the effectiveness of its policies and actions regarding consumers and end-users through customer feedback, product benchmarking, internal and confidential metrics and targets, and a quality management system. Consumers and end-users are not directly involved in target definition, monitoring and assessment.

Energy prices, global political developments and volatile market demands continued to influence operational activities, impacting product quality. Improvements in key defect categories continued in most of Lenzing's lyocell and viscose factories. Production disruptions and overall challenges counterbalanced these improvements, resulting in an increase in minor defect categories. Thus, performance remained at the same level as in 2023.

As in previous years, there were no complaints or incidences of regulatory non-compliance raised by direct and indirect customers or authorities concerning product and service information, labelling and the health and safety impact of Lenzing's products.

In addition, no changes in relevant regulations have been identified that would trigger any additional risk assessment exercises.

Customers require more detailed information on intentional and non-intentional ingredients, upstream supplier transparency, Lenzing disclosures, and Lenzing's approach in addressing specific local governmental requirements or specific industrial standards. All requests received were reviewed, categorized based on their topic, assigned to the appropriate team or individual for handling, and answered according to internally defined KPIs.

# Consumers and end-users stakeholder engagement

[GRI 3-3f]

## Consumers and end-users

Lenzing continuously interacts directly with its customer base through its customer-facing organization, and indirectly with consumers and end-users, by participating in international associations, conferences, forums, discussion groups and industry interest groups that focus on product safety and regulatory aspects and voice customer expectations.

## Direct customers and brands & retailers

Spinners, weavers, mills, dye workers and converters, as well as fashion brands & retailers, are all part of Lenzing's business partners. The Lenzing PSRA department permanently engages with its customers by answering customer requests and working on new certification requests and requirements.

# ESRS G1 Business conduct

MANAGEMENT APPROACH

## Material topic: Business conduct

[ESRS 2 MDR-A 68a; GRI 3-3]

Lenzing and its employees are expected to act with honesty and transparency in line with the Group's Global Code of Business Conduct and corporate governance policies. These expectations of compliance reach beyond legal requirements and regulatory standards, as the company strives for exemplary quality in all products, processes and dealings with customers, partners and shareholders. It is the responsibility of all employees and contractors to uphold these standards and to help create a culture of tolerance and integrity. Lenzing continues to develop its Compliance Management System to ensure the company acts to prevent misconduct, mitigate compliance risks and effectively safeguard its people. Training in business conduct ensures that all employees understand the behavior expected of them and contributes to an environment where people feel comfortable raising concerns or reporting misconduct. Suppliers are also expected to adhere to the highest professional and ethical standards in the industry, as business conduct does not only apply to Lenzing's own operations but also to responsible sourcing and supplier relationships.

### Negative actual and potential impacts

- Corruption and bribery – incidents: While a compliance program is in place, incidents may still occur if individuals are given the opportunity t engage in non-compliant behavior (own operations, value chain)

### Negative potential impacts

- Corporate culture: Potential negative impact on the morale of employees and stakeholder trust if there is a lack of transparency (own operations, value chain)
- Protection of whistleblowers: Potential negative impact on business conduct efforts regarding whistleblowers in the absence of ongoing efforts, training, reaction and clear procedures (own operations, value chain)
- Corruption and bribery - prevention and detection including training: Potential negative impact on business conduct efforts regarding corruption and bribery in the absence of ongoing efforts, training, reaction and clear procedures (own operations)

### Positive actual impacts

- Corporate culture: Positive impact on the prevention of corruption, bribery and conflicts of interest by maintaining transparency (own operations, value chain)

### Risks

- Management of relationships with suppliers including payment practices: Risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the "Material impacts, risks and opportunities" section of the "ESRS 2 General disclosures" chapter.

### Policies

- Lenzing Global Code of Business Conduct
- Lenzing Global Supplier Code of Conduct
- Policy on Human Rights and Labor Standards

- The sustainability performance of pulp suppliers was surveyed in a comprehensive questionnaire
- Wood and pulp certification according to FSC® and PEFC standards, including regular audits on forest certification standards (FSC®, PEFC)[59]

### Further actions (not described in more detail in G1-3 or Sourcing)

- Follow up procedure for reported incidents
- Yearly transparent reporting within Lenzing's Corporate Governance Report
- Implementation of Conflicts of Interest Directive in 2024
- Internal audit management system

Sourcing

- Additional third-party verification of Lenzing's wood and pulp supply as part of the CanopyStyle Initiative and through internal supplier audits
- Lenzing was awarded for the 5th time with a "dark green shirt" in Canopy's Hot Button Ranking
- CDP Forests "A-" rating

### Sustainability targets

- "Supplier engagement" target
- No corruption incidents

### Stakeholders

- Employees
- Suppliers
- Governments
- Customers
- Membership associations
- Austrian Code of Corporate Governance
- Together for Sustainability (TfS)
- EcoVadis

### Responsible

- Managing Board

[59] FSC® (FSC-C041246) or PEFC (PEFC/06-33-92)

- Policy for Wood and Pulp
- Anti-Bribery and Corruption Directive (ABC Directive) (including Austrian Local Guidance Document)
- Antitrust Directive
- Whistleblower Directive
- Investigation Directive
- Anti Money Laundering Directive (AML Directive)
- Know-How Protection Directive

**Actions taken** [ESRS 2 MDR-A 68a]

- Offering the possibility to report incidents via BKMS® (Business Keeper Monitoring System) whistleblower system ("Tell us")
- Compliance training for employees
- Start of implementation of compliance cockpit: Improving whistle-blower tool, gift and hospitality tool, conflict of interest registration tool, policy manager (– receiving, reading and acknowledging policies)

Sourcing

- 100 percent of wood-for-pulp-production suppliers assessed according to the FSC® Controlled Wood criteria

- SVP Global Legal, IP & Compliance
- Local Compliance Manager
- SVP Global Supply Chain/Purchasing
- VP Wood & Pulp Procurement
- SVP Corporate Human Resources
- VP Global Health, Safety & Environment
- VP Corporate Sustainability

**Supporting**

- Corporate Communications & Public Affairs
- Corporate Human Resources
- Corporate Audit & Risk
- Corporate Sustainability
- Global Process Information Technology
- Site directors

# Governance

## To Lenzing, compliance is teamwork

**Compliance goes beyond adhering to legal requirements**
Lenzing strives to achieve exemplary quality in products and processes, as well as integrity and honesty in dealing with business partners and shareholders. Compliance at the Lenzing Group not only stands for compliance with legal regulations and regulatory standards, as it is a question of attitude that also reflects a culture of tolerance and integrity when dealing with one another. The subject of compliance is therefore firmly anchored within the entire Group, via the active responsibility of all employees and executives, as well as a shared culture of values. Lenzing ensures that any reported cases of suspected non-compliance are investigated thoroughly and does not tolerate any form of compliance breaches if any are discovered.

[ESRS G1 ESRS 2 GOV-1]

For information about the role of the administrative, management and supervisory bodies related to business conduct, please see the corresponding section in the "ESRS 2 General disclosures" chapter.

# Impact, risk and opportunity management

[ESRS G1 ESRS 2 IRO-1]

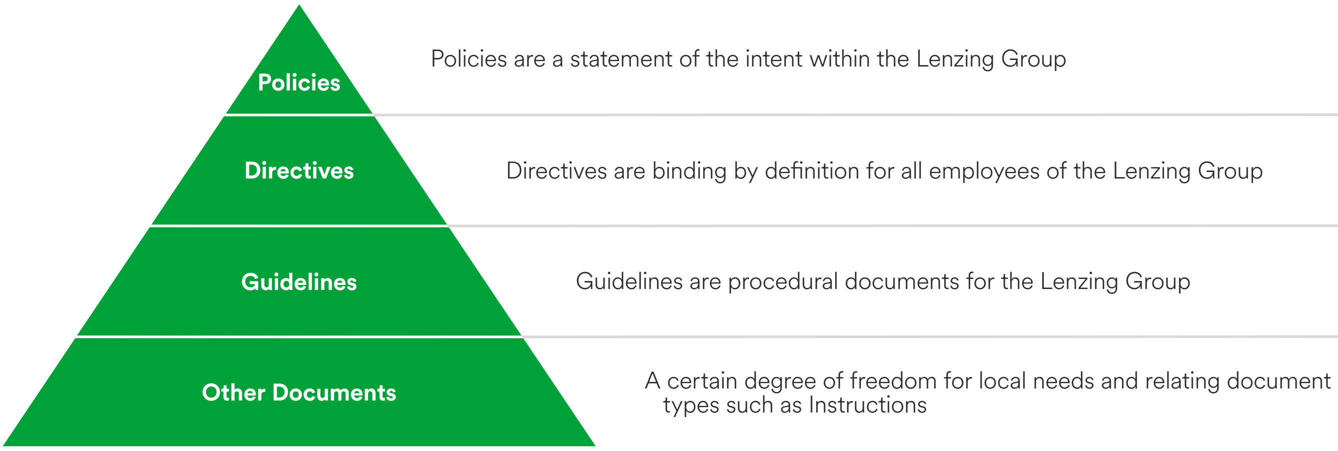
For information on the double materiality process, please see the "Double materiality analysis" section and "Compliance related assessment" section in the "ESRS 2 General disclosures" chapter.

## Policies

[ESRS G1-1; GRI 3-3c, 2-23, 2-24, 2-25]

All publicly available policies of the Lenzing Group are available under the following link: Compliance – Lenzing – innovative by nature. For international regulatory references in the Group's policies, please see the "Intergovernmental regulation references in policies" table in the Annex. The policies apply to the whole Lenzing Group.

**Hierarchy of compliance guidelines and directives** Figure 17




### Lenzing's internal rules and principles

Besides the Lenzing Global Code of Business Conduct, there are additional internal rules and principles of conduct (known as directives) that help to ensure that daily actions are in line with the applicable legal frameworks and Lenzing's demand for integrity from each individual employee. Directives define rules of conduct that are binding for all employees of the Lenzing Group. Classifying a document as a directive always implicates the decision that non-conformance with the content of the directive may incur penalties and, in the worst case, termination of employment. Important directives include, amongst others, the Anti-Bribery and Corruption Directive, the Antitrust Directive, the Whistleblower Directive, the Anti Money Laundering Directive and the Know-How Protection Directive. For further information on these directives, please see the "Directives" and "Actions" sections in this chapter.

To ensure that no human rights violations occur within the sphere of Lenzing's influence, Lenzing has a Policy on Human Rights and Labor Standards. For more information on policies stipulating respect for human rights, please see the "Policies" section in the "S1 Own workforce" chapter (refers to GRI 2-23 only).

### Lenzing Global Code of Business Conduct

The Lenzing Global Code of Business Conduct covers all of the identified material impacts and risks. Compliance measures and business ethics are crucial for Lenzing to comply with a multitude of legal regulations and standards at various sites and countries around the world. Lenzing attaches great value to the integrity and legally compliant behavior of all employees and business partners. Therefore, Lenzing has anchored its principles for compliant behavior in the Lenzing Global Code of Business Conduct. This code, which was approved by the Managing Board in 2023, has been devised in alignment with the principles of the UN Global Compact, reinforcing the commitment to uphold international standards for human rights, labor and anti-corruption. It serves as a guideline and advisor at the same time, so that all employees know how to react appropriately and in compliance with the rules in every situation. At the same time, it points out to Lenzing employees that violations of the Global Code of Business Conduct have serious consequences (civil, criminal, administrative criminal and/or disciplinary consequences, up to and including termination of employment). The Lenzing Global Code of Business Conduct is available to all employees in the Group languages in the intranet ("Lenzing Connect") and is also accessible to external stakeholders on the company website. Lenzing's Global Code of Business Conduct is diligently monitored to ensure adherence to the highest standards of business ethics. The Group Compliance Officer oversees the implementation and adherence to the code within the organization. In addition, Local Compliance Units have been established in various regions to ensure that the code is followed in accordance with local laws and regulations. It is supplemented by the Global Supplier Code of Conduct, which outlines Lenzing's expectations for supplier conduct with respect to safety and health at work, labor and human rights, environmental protection, ethics and management practices.

### Lenzing Global Supplier Code of Conduct

All of the Lenzing Group's suppliers must comply with the Lenzing Global Supplier Code of Conduct, which was approved in 2017 by the Ethics Committee, the Company's Executive Committee and the Group Compliance Officer and is available via Lenzing's website. The Senior Vice President Global Purchasing and the Senior Vice President Commercial Pulp, Biorefinery & Co-Products, Wood, are accountable for its implementation. To ensure compliance with this Code, suppliers are required to allow Lenzing and/or any of its representatives to have access to all their facilities and to all relevant records upon advance notice, and to carry out assessments through supplier assessment tools. These actions ensure that Lenzing can evaluate compliance with the Code's standards, which outline Lenzing's expectations for suppliers conduct regarding safety, health, labor and human rights, environmental protection, ethics, and management practice. If Lenzing finds that a supplier has violated the Code, it may terminate the business relationship or require corrective actions. If the supplier fails to take corrective actions, Lenzing may cancel current orders and suspend future orders.

The Lenzing Global Supplier Code of Conduct covers the value chain aspect of the following two impacts as well as a risk: Potential negative impact on business conduct efforts regarding whistleblowers in the absence of ongoing efforts, training, reaction and clear procedures; while a compliance program is in place, incidents may still occur if individuals are given the opportunity to engage in non-compliant behavior; Risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented (own operations).

### Wood and Pulp Policy

In its wood and pulp policy, the company has committed itself to procuring wood and dissolving wood pulp exclusively from non-controversial sources, giving preference to suppliers compliant with FSC® or PEFC standards. Lenzing's suppliers also adhere to this policy, conducting all operations with respect to health and safety at work, labor and human rights, environmental protection, ethics, and management practices.

The Wood and Pulp Policy covers the value chain aspect of the following two impacts as well as a risk: Positive impact on the prevention of corruption, bribery and conflicts of interest by maintaining transparency; the potential negative impact on the morale of employees and stakeholder trust if there is a lack of transparency; Risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented (own operations).

For more information on the ESRS 2 MDR-P of the Wood and Pulp Policy, please see the "Policies" section in the "E4 Biodiversity and ecosystems" chapter.

## Directives

The Group Compliance Officer is the most senior person accountable for the implementation of the Whistleblower, Antitrust, ABC and Investigation Directives, after been approved by the Managing Board. On the site level, the local directors are responsible for the roll-out and implementation of these Directives. The Anti Money Laundering Directive (AML Directive) is issued by the Group Compliance Officer, after been approved by the Managing Board and the Vice President Corporate Treasure, the Senior Vice President Global Purchasing and the Senior Director Global Commercial Excellence are the responsible for its implementation. On the site level, the local directors are responsible for the roll-out and implementation of these Directives. And for the Know-How Protection Directive the Head of Global Innovation is the most senior person accountable for its implementation. The directives apply to the whole Lenzing Group.

### Anti Money Laundering Directive (AML Directive)

The Lenzing Group is committed to the highest standards of ethical business principles and to combating money laundering and terrorist financing (ML&TF). Money launderers aim to introduce money from illegal transactions into legal circulation. Terrorists seek to obtain money from illegal, as well as legal transactions to fund terrorist activities. Lenzing avoids business with criminals and uses a series of preventative measures to ensure that money laundering and terrorist financing are not unwittingly aided and abetted. The AML Directive describes the processes and control mechanisms implemented at Lenzing. The directive was introduced in 2020. In 2022 tools for the KYC (Know Your Counterpart) process were introduced to identify Lenzing counterparties and verify their identities. Furthermore, counterparties can be checked for adverse media, politically exposed persons (PEP) and sanctions to mitigate the risk of business relationships with illegitimate business activities.

The AML directive covers the following two impacts, with the second relating to the value chain aspect: the potential negative impact on business conduct efforts regarding corruption and bribery in the absence of ongoing efforts, training, reaction and clear procedures; while a compliance program is in place, incidents may still occur if individuals are given the opportunity to engage in non-compliant behavior.

### Antitrust Directive

Lenzing does not tolerate or participate in any business conduct, transaction or activity that violates the applicable antitrust and competition laws. The company respects applicable trade laws and restrictions as imposed by the United Nations or other national or supranational bodies or governments. To ensure that all relevant antitrust regulations are known and adhered to within the Lenzing Group, Lenzing's internal Antitrust Directive serves as a supplement to the Lenzing Global Code of Business Conduct. It applies to all business activities and operations in accordance with applicable competition law. It informs all employees how to behave correctly when dealing with business partners and shows which activities may pose an increased risk of antitrust violations. Furthermore, this directive helps to promote trust in business dealings, preserve Lenzing's reputation and avoid or reduce costs, risks and damages resulting from a violation of antitrust law.

The antitrust directive covers the following impacts: Positive impact on the prevention of corruption, bribery and conflicts of interest by maintaining transparency; Potential negative impact on the morale of employees and stakeholder trust if there is a lack of transparency.

### Anti-Bribery and Corruption Directive (ABC Directive)

The ABC Directive supplements Lenzing's Global Code of Business Conduct by providing global minimum standards to ensure that Lenzing's activities are conducted ethically and with integrity. The ABC directive is aligned with the United Nations Convention against Corruption. The goal of this Directive is to ensure that all relevant anti-bribery and corruption regulations are known and observed across the Lenzing Group. The Directive applies to all operations and activities in compliance with all applicable anti-corruption laws, including the Austrian Criminal Code, the United Kingdom Bribery Act 2010 and the US Foreign Corrupt Practices Act. The directive clearly defines what bribery, corruption and acceleration payments mean, and provides guidelines on what is considered acceptable behavior. Receiving and giving gifts, as well as accepting and giving hospitality or invitations, require – depending on the monetary value – specific approval within the Registration Tool for Gifts and Hospitalities. Country-specific limits have been defined for all legal entities.

Additionally, the Legal Department is currently developing a new Anti-Bribery and Corruption Policy, which will be effective from the upcoming fiscal year. This policy, building on the existing ABC Directive, will further refine Lenzing's efforts and provide more specific guidance on issues related to anti-bribery and corruption. This is part of the ongoing commitment to conduct business ethically and with integrity, ensuring compliance with all relevant anti-bribery and corruption regulations across the whole Lenzing Group.

The ABC Directive covers the following three impacts: Positive impact on the prevention of corruption, bribery and conflicts of interest by maintaining transparency; Potential negative impact on the morale of employees and stakeholder trust if there is a lack of transparency; Potential negative impact on business conduct efforts in the absence of ongoing efforts, training, reaction and clear procedures.

### Know-How Protection Directive

Specialization and innovative strength are key factors for the worldwide success of Lenzing. In today's economy, information and know-how as a result of R&D investments, creativity and business initiatives have become the most important factors for developing and maintaining competitive advantages. Lenzing's know-how is a central asset that must be preserved and protected using all the protective measures at Lenzing's disposal. The protection of know-how relates not only to Lenzing's leadership in technology, but also extends to its many different activities worldwide, including business secrets. Every employee is a key factor in Lenzing's future know-how protection program and is directly affected by the know-how protection process described in this directive.

The Know-How Protection Directive covers the following impacts: Positive impact on the prevention of corruption, bribery and conflicts of interest by maintaining transparency; Potential negative impact on the morale of employees and stakeholder trust if there is a lack of transparency.

### Investigation Directive

The purpose of this Compliance Investigation Directive is to set out a framework for the investigation of material and substantiated violations of laws, Lenzing's Code of Business Conduct or internal Policies and Directives as set forth in the intranet.

The Investigation Directive covers the following three impacts: Potential negative impact on business conduct efforts regarding whistleblowers in the absence of ongoing efforts, training, reaction and clear procedures; the potential negative impact on business conduct efforts regarding corruption and bribery in the absence of ongoing efforts, training, reaction and clear procedures; While a compliance program is in place, incidents may still occur if individuals are given the opportunity to engage in non-compliant behavior.

### Whistleblower Directive

In 2024, a revised version of the Whistleblower Directive from 2017 was signed by the Managing Board and came into force. The revised version reflects new regulations and will be reviewed – and revised if necessary – on a recurring basis to ensure relevancy. The purpose of Lenzing's Whistleblower Directive is to encourage all employees to speak up in good faith against potential violations of laws, the Global Code of Business Conduct or Lenzing's internal rules and principles. The Directive aims to provide all employees with more concrete guidance and information on how to report compliance concerns about actual or potential rule violations. It emphasizes that for reports made in good faith (i.e. with a reasonable suspicion that a potential violation has occurred, is occurring, or is likely to occur), the parties involved are protected from subsequent punishment, discrimination, retaliation, disadvantage, harassment or employment termination for making reports. Lenzing takes all concerns raised under the Whistleblower Directive seriously and defines clear processes within it on how reports are handled internally, who is involved in any necessary investigations, and what the consequences are for any violations identified. The directive does not mention monitoring, however the effectiveness, availability and overall acceptance of the whistleblower system are evaluated through an Integrity Survey.

The Whistleblower Directive covers the following impacts: Positive impact on the prevention of corruption, bribery and conflicts of interest by maintaining transparency; Potential negative impact on the morale of employees and stakeholder trust if there is a lack of transparency; Potential negative impact on business conduct efforts regarding whistleblowers in the absence of ongoing efforts, training, reaction and clear procedures; Potential negative impact on business conduct efforts regarding corruption and bribery in the absence of ongoing efforts, training, reaction and clear procedures; While a compliance program is in place, incidents may still occur if individuals are given the opportunity to engage in non-compliant behavior.

## Detective measures

Lenzing takes complaints seriously and immediately initiates action once it becomes aware of potential negative impacts. Lenzing has established grievance mechanisms, with various internal reporting channels for employees. Additionally, an online tool is available for submitting concerns, accessible to all Lenzing Group employees, customers, suppliers, and others worldwide. The online tool is also accessible through the Lenzing website: Compliance - Lenzing - innovative by nature.

### Whistleblower system

In order to enable all employees and other stakeholders to report concerns in connection with topics such as corruption, bribery, conflicts of interest, antitrust laws and capital market law, a global online-based whistleblower system is available since 2017. Lenzing`s joint venture LD Celulose also has its own whistleblower system. Grievances can be reported in-house in person, by phone or email, e.g. to supervisors, the works council or the Group Compliance Officer. In addition, the BKMS® whistleblower system ("Tell us") is freely available via the Lenzing website to express any concerns anonymously (available in all languages relevant to production sites: English, German, Czech, Chinese, Bahasa, Thai and Portuguese). Reporting an incident not only relates to Lenzing's employees, but also to customers, suppliers, and other third parties around the world. Concerns can be reported anonymously and without fear of retaliation worldwide thanks to this system, as the system's anonymity protection function is certified by an independent body. The professional handling of the information protects both the whistleblower and the person affected.

### Handling of reported concerns

Reports are processed in a targeted manner in accordance with the internal Investigation Directive (see the "Directives" (G1-1) section in this chapter). Reported incidents are assessed by lawyers (if necessary, in cooperation with local partners) and forwarded to the Group Compliance Officer or to the Local Compliance Officer. A report is processed by designated employees. The people entrusted with carrying out the procedure are obliged to maintain confidentiality. If necessary, other departments and people will also be involved in processing the incident if the circumstances require so. The reports are processed on a case-by-case basis, situation-related measures are defined and, if necessary, an investigation team is formed. This team includes employees and managers who are not involved in the incident itself. The confidentiality of the identity of the person concerned is maintained and the procedures provide effective protection from retaliation against the whistleblower (if the identity has been provided). Recommendations as to whether the investigation should be pursued further or terminated are provided. Monthly reporting on the status of compliance as well as ongoing investigations is provided to the Managing Board. In addition, the Audit Committee of the Supervisory Board is informed about the reported incidents on a quarterly basis.

Training is given to employees regarding the whistleblower system (Please see for recipients of the training the “Compliance training” section of this chapter.) Training is also given to those handling the reported concerns. The effectiveness, availability and overall acceptance of the whistleblower system are evaluated through an Integrity Survey. This survey is accompanied by a scientific team to ensure objectivity. 4,510 employees took part in the last Integrity Survey that was conducted in 2023.

If actual negative impacts on employees occur, remediation is provided on an individual basis as there is no Group-wide remediation process.

**Training directive**
All directives related to business conduct address the topic of training. A comprehensive Training Directive is being developed for assigning specific training sessions to designated job functions. In devising the directive, a risk assessment is conducted to create a more precise definition of the functions at risk and identify them within the organization. These identified functions are then subject to specialized training sessions. This approach ensures that employees are well equipped with the necessary knowledge and skills to perform their roles effectively and ethically, further enhancing Lenzing’s commitment to integrity and compliance. The Directive will become effective in the next fiscal year.

## Functions-at-risk

The functions at risk identified as part of the compliance risk assessment are: Global Legal, IP and Compliance; Global Health, Safety & Environment; Global Purchasing; Global Supply Chain; Corporate Treasury; Corporate Human Resources; Corporate Audit & Risk; Corporate Accounting; Corporate Tax; Corporate Sustainability; Corporate Communications; Commercial Textiles; Commercial Nonwovens. These departments are considered at risk due to their day-to-day operations as they maintain relationships with public bodies, authorities and their representatives, as well as with agents, distributors, lawyers, customs agents, suppliers and service providers in some cases and, due to their core activities, must establish internal controls to prevent corruption, money laundering, fraud, embezzlement and other risks.

## Sourcing

[ESRS G1-2; GRI 204-1, 308-1, 308-2, 414-1]

The metrics in this section are not validated by an external body other than the assurance provider.

Directives and polices are implemented in the contact with suppliers. In this regard, Lenzing can act as a role model in business conduct within the industry, while also expecting the same standards from its business partners.

Wood, pulp and chemicals purchasing are handled by three different teams within the Lenzing Group. Lenzing aims to minimize purchasing risks, such as major price fluctuations and supply bottlenecks through reliable, long-term supply relationships and active supplier management.

The most important materials procured are (in order of annual procurement volume): wood, dissolving wood pulp, caustic soda, sulfuric acid, sulfur, carbon disulfide, sulfur dioxide and magnesium oxide.

In 2024, when screening for risk suppliers, no Lenzing suppliers were identified as having significant actual and potential negative environmental impacts.

### Sustainable chemical sourcing

The most significant chemicals used in the Lenzing Group – amounting to approximately 85 percent of the overall purchase volume – are caustic soda (NaOH), carbon disulfide ($CS_2$), sulfuric acid ($H_2SO_4$), sulfur (S), sulfur dioxide ($SO_2$), softening agents, flame retardants, modifiers, N-methylmorpholine N-oxide (NMMO), titanium dioxide ($TiO_2$), and zinc sulfate ($ZnSO_4$). Figures for chemical sourcing are not provided for confidentiality reasons.

The target of assessing 80 percent of the most important chemical suppliers (by purchasing value) was reached in 2019. Additional suppliers continue to be assessed (table 65). The supplier base can change in line with the prevailing market environment. Hence, the current “Supplier engagement” target aims to continuously engage with the key suppliers that cover more than 80 percent of budget spend on procurement, in order to improve their sustainability performance. This target has also been extended to include assessment possibilities other than EcoVadis. As a measure under this target, Lenzing has agreements signed with the key chemical suppliers including sustainability clauses. Some of these conditions include setting GHG reduction targets approved by the Science Based Target initiative (SBTi), to provide information on the product carbon footprint and water scarcity at facilities where Lenzing sources products.

**TRAINING OF BUYERS**

To align with Lenzing's commitment to supply chain due diligence and enhance supplier engagement, the global purchasing team undergoes ongoing trainings facilitated by EcoVadis. This training is provided through EcoVadis platform sessions or via internal training sessions using information from the EcoVadis website. Purchasers who participate in these initiatives gain access to the EcoVadis platform, empowering them to deepen their understanding of sustainability through the available EcoVadis academy. Constant support and engagement is provided by a sustainability and supply chain expert at Lenzing, who coordinates and supports sustainability practices that are relevant to buyers.

**EcoVadis Score of Lenzing's suppliers / supplier evaluation**
For more information, please see the "Actions" section in the "Workers in the value chain chapter".

**Supplier management**
Active negotiations with suppliers regarding their engagement for sustainability assessment are an ongoing process. Currently more than 800 suppliers have been assessed on the basis of social and environmental criteria through the EcoVadis tool.

**Number of suppliers responding to EcoVadis questionnaire since the introduction of the assessment in 2017** Table 65

| | |
|---|---|
| 2024 | 824 |
| 2023 | 608 |
| 2022 | 387 |
| 2021 | 163 |
| 2020 | 152 |
| 2019 | 102 |
| 2018 | 93 |
| 2017 | 82 |

**Regionality[a] of purchased chemicals** Table 66

| | Regionally purchased | Not regionally purchased |
|---|---|---|
| 2024 | 87% | 13% |
| 2023 | 88% | 12% |
| 2022 | 73% | 27% |
| 2021 | 94% | 6% |

a) Regionally is defined as the same country and neigboring countries of significant sites of operation. Significant sites of operation include all production sites of the Lenzing Group.

In 2024, 80 percent of all purchased liquid metric tons of chemicals were delivered by 36 suppliers (compared to 30 suppliers in 2023). Relationships with these suppliers are highly stable in general. In 2022, due to the scarcity of caustic soda in the European market, a higher volume was imported from other regions. The availability of caustic soda continuously stabilized during 2023, which led to a higher proportion of regionally purchased chemicals compared to 2022.

## Sustainable wood and dissolving wood pulp sourcing

Wood and dissolving wood pulp are Lenzing's most important raw materials. The Lenzing Group takes responsibility by focusing on sustainable sourcing covered by certification, responsible consumption, and the highly efficient use of these valuable resources.

Lenzing sources wood and dissolving wood pulp from semi-natural forests (as defined by the Food and Agriculture Organization of the United Nations[60] ,FAO, which include naturally regenerating and planted forests of similar species composition as the natural forests in the area) and plantations, as all defined by FAO[61], but not from primary, natural or ancient and endangered forests.

Assuming a dissolving wood pulp yield from wood of 40 percent, a rough estimate for the total yearly wood input of Lenzing's regenerated cellulose fibers would be 2.5 million tons (dry matter), spread between Lenzing's own production and the dissolving wood pulp purchased.

In addition to its own dissolving wood pulp production, Lenzing procures dissolving wood pulp in the global market, mostly under long-term supply contracts. On the other hand, a share of its pulp production is traded on the global dissolving pulp market. In 2024, the Lenzing Group procured pulp from the following suppliers (in alphabetical order):

**Countries of Lenzing Group's pulp suppliers (in 2024)** Table 67

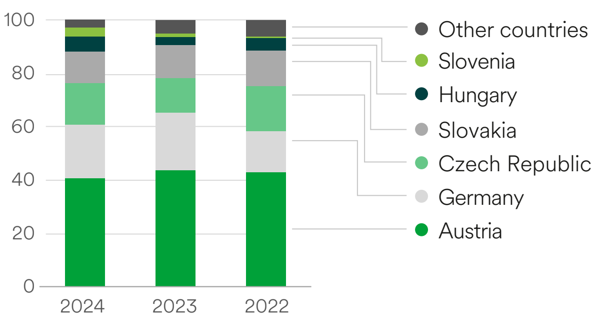
| Supplier | Country |
|---|---|
| AustroCel Hallein GmbH | Austria |
| Georgia-Pacific LLC | USA |
| International Paper | USA |
| Lenzing AG | Austria |
| Lenzing Biocel Paskov a.s. | Czech Republic |
| LD Celulose (Lenzing Group) | Brazil |
| Rayonier Advanced Materials | USA, Canada |
| Sappi Ltd. | South Africa, USA |
| Södra Skogsägarna ekonomisk förening | Sweden |
| Re:NewCell AB | Sweden |

**Regional wood supply in Europe**
Regional wood supply is important to Lenzing, as this is one measure to reduce GHG emissions stemming from transport. Lenzing is committed to source the wood for its pulp mills in Europe as locally as possible. Lenzing operates three pulp mills in which wood is turned into dissolving wood pulp. The Lenzing site (Austria) mainly uses beech wood plus small amounts of other hardwoods and spruce, whereas the Paskov plant (Czech Republic) mainly uses spruce. The plant in Indianópolis (Brazil) exclusively uses eucalyptus from a plantation under its own operation.

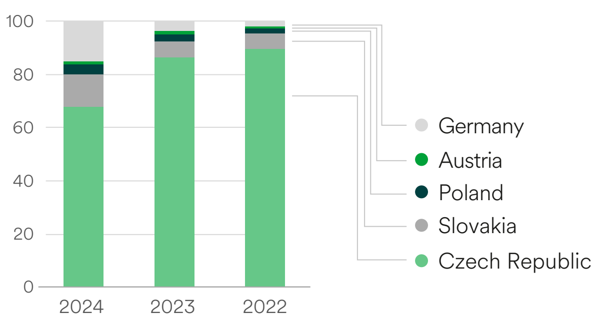
[60] Carle, J., and Holmgren, P. (2003). Working paper 79. Definitions Related to Planted Forests. In: Food and Agriculture Organization of the United Nations (2003). Forest Resources Assessment Program Working paper series. Available at: https://www.fao.org/forestry-fao/25853-0d4f50dd8626f4bd6248009fc68f892fb.pdf
[61] Terms and Definitions, FRA 2020, FAO, 2018 (http://www.fao.org/3/I8661EN/i8661en.pdf).

**Wood sourcing for the Lenzing Group's own pulp mills in Lenzing (Austria) and Paskov (Czech Republic)**
Beech and spruce by country, 2022–2024.
"Other countries" for Lenzing sites are France, Switzerland, Croatia and Poland.
Figure 18

**Lenzing Pulp Mill**




**Paskov Pulp Mill**




Regional wood supply originates from the country where the pulp mill is situated and from neighboring countries from which wood can be transported directly without crossing a third country.

To ensure efficient logistics, the vast majority of the wood required is regionally sourced, minimizing transportation routes and delivery times. For the Lenzing site (Austria) regional[62] wood accounted for 93.8 percent in 2022, 96.5 percent in 2023, and 97,1 percent in 2024. For the Paskov site (Czech Republic), the regional supply rate has been constant at 100 percent since 2019. For the underlying figures, please see the Annex.

**Local wood supply in Brazil**
Lenzing's pulp mill in Brazil, a joint venture with Dexco under the name of LD Celulose, uses wood from its own plantations. Currently, 93,908 hectares of plantation are managed, including 22,980 hectares (table 42 in the "E4 Biodiversity and ecosystems" chapter) of protected area, which is not used for wood sourcing but to ensure the protection of flora, fauna, and water. These plantations operate completely in accordance with the Lenzing Group's guidelines and high standards for sourcing wood and pulp, as well as the requirements of the leading certification schemes.

The forest unit responsible for supplying LD Celulose's wood is located in Triângulo Mineiro in the State of Minas Gerais. The area that was transformed into the LD Celulose plantation unit has been used for cattle raising, intensive agricultural activities and eucalyptus forestry since the 1970s. No native (primary) forest was converted to establish the LD Celulose plantation. The current types of land use within the plantation are described in the section" Metrics for biodiversity and ecosystem enhancement within LD Celulose's plantations" of the "E4 Biodiversity and ecosystems" chapter. The plantations are located more than 800 kilometers away from the region that comprises the Amazon rainforest.

## Supplier evaluation wood and pulp

All key suppliers of wood and dissolving pulp are evaluated for sustainability. Lenzing conducts regular audits, as well as specific evaluations of both new and established suppliers for sustainability, including compliance with environmental and safety standards. Suppliers are interviewed regularly and evaluated under environmental and safety aspects with the support of external experts. A final assessment is then conducted. This affects the overall supplier assessment and constitutes a major criterion for long-term cooperation with suppliers.

Lenzing's key suppliers are mostly those that have a certain size and volume. Lenzing is taking a closer look at these, as non-compliance with them represents a greater risk for Lenzing. Pulp suppliers are assessed using a due diligence system based on the FSC® Controlled Wood criteria. This includes the annual assessment of the sustainability performance of pulp suppliers, using a comprehensive questionnaire covering aspects such as procurement standards, supply areas, supply chain traceability, and GHG emissions. The results of the survey are used to identify the key sustainability issues and guide Lenzing's future supplier engagement activities.

All wood suppliers – totaling more than 600 in 2024, half of which are private owners – in all sourcing countries are assessed once a year against FSC® Controlled Wood and PEFC Controlled Sources criteria. All pulp suppliers are certified by the leading forest certification schemes and supply Lenzing with certified or controlled pulp.

## Wood and dissolving wood pulp certifications

Lenzing's wood procurement management system ensures that all wood for pulp production is sourced from legal and sustainably managed sources. Lenzing demonstrates that the wood sourcing complies with its high standards through verification based on FSC® and PEFC certification systems (figure 19). 100 percent of wood and dissolving wood pulp used by the Lenzing Group for fiber production for the market is either certified by FSC® and PEFC or controlled and inspected in line with these standards (figure 20).

The following figures show the certification status of all wood or pulp input into Lenzing's fiber production, whether obtained directly through its own procurement for in-house dissolving wood pulp mills or indirectly through dissolving wood pulp suppliers. All Lenzing Group production sites are FSC® CoC (Chain of Custody) certified. The multi-site certification for PEFC CoC currently covers five sites (table 68).

[62] Regional wood supply originates from the country where the pulp mill is situated and from neighboring countries from which wood can be transported directly without crossing a third country.

## Certification status of Lenzing operations – Chain of Custody

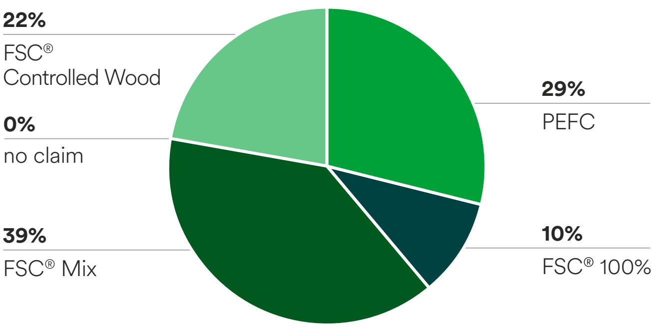
Table 68

| Site | Country | Main products | FSC® CoC | PEFC CoC |
|---|---|---|---|---|
| Lenzing | Austria | Viscose, modal, lyocell, dissolving pulp | • | • |
| Paskov | Czech Republic | Dissolving pulp | • | • |
| Purwakarta | Indonesia | Viscose | • | • |
| Nanjing | China | Viscose, modal | • | • |
| Heiligenkreuz | Austria | Lyocell | • | n. a. |
| Grimsby | United Kingdom | Lyocell | • | n. a. |
| Mobile | USA | Lyocell | • | • |
| Prachinburi | Thailand | Lyocell | • | n. a. |
| Indianópolis | Brazil | Dissolving pulp | • | n. a. |

The PEFC certification is mainly used for wood sourced from Central Europe. FSC® certification of forests is not widespread in this region. Therefore, most of the wood sourced is procured with a PEFC certificate and receives FSC® Controlled Wood status at Lenzing sites after a due diligence process. All wood input to the Lenzing Group is either certified or controlled by the FSC® certification system (figure 21). The Lenzing site (Austria) has held the PEFC Chain of Custody certification as its main certificate for more than two decades. Since 2016, this has been complemented by a FSC® CoC (Chain of Custody) certificate.

### Certification status

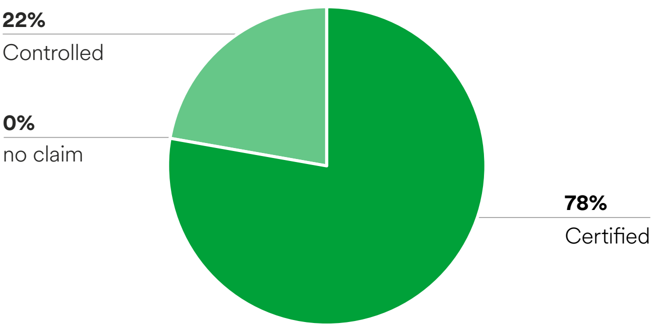
Figure 19




Certification status of total wood input at Lenzing fiber production sites via own and purchased dissolving wood pulp.
Basis: dissolving wood pulp by weight.

### Certification status – overall certified and controlled wood

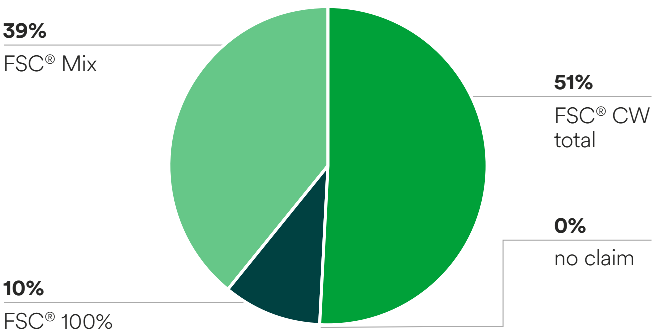
Figure 20




"Certified" is the sum of "FSC® Mix", "FSC® 100%" and "PEFC" and represents the amount of pulp available to make fibers with the corresponding Chain of Custody certificate.

### Certification status – FSC® Mix and FSC® controlled wood

Figure 21




"FSC® CW Total" is all controlled wood, FSC® Controlled Wood, plus PEFC certified wood that has been accepted as FSC® Controlled after the Lenzing due diligence process. The share of FSC® Mix represents the amount of pulp supplied with an FSC® Mix Chain of Custody certificate.

Pulp suppliers can hold more than one forest-related certificate. Most of the pulp suppliers located in North America also carry certification from the Sustainable Forest Initiative (SFI), which is also a national member of and fully endorsed by the global PEFC certification scheme.

For detailed explanations of the certificates, controlled wood, and the internal due diligence system, please see the "Wood and pulp" focus paper.

Since forestry operations in Central Europe are generally small-scale, many small forest owners harvest wood for additional income and do not participate in a certification process. Therefore, Lenzing has to procure reliable but limited quantities of such wood that is not FSC® or PEFC certified from time to time. This category of wood is inspected in line with these standards. Strict forestry laws and enforcement in Central Europe also require all forest owners to pursue sustainable management. The Lenzing Wood and Pulp Policy and Supplier Code of Conduct are part of all wood purchasing activities and are presented to potential suppliers before the start of a business relationship. Deliveries can only be made to Lenzing if these conditions are accepted.

The Lenzing due diligence system for wood and pulp procurement includes regular formal audits. However, ongoing, day-to-day, informal, personal contact between Lenzing's procurement team and suppliers is even more important. Supplier contracts can be terminated in response to severe sustainability findings. This has happened occasionally in the past when suppliers failed to remedy certain issues. In 2024, no such cases occurred.

## Actions

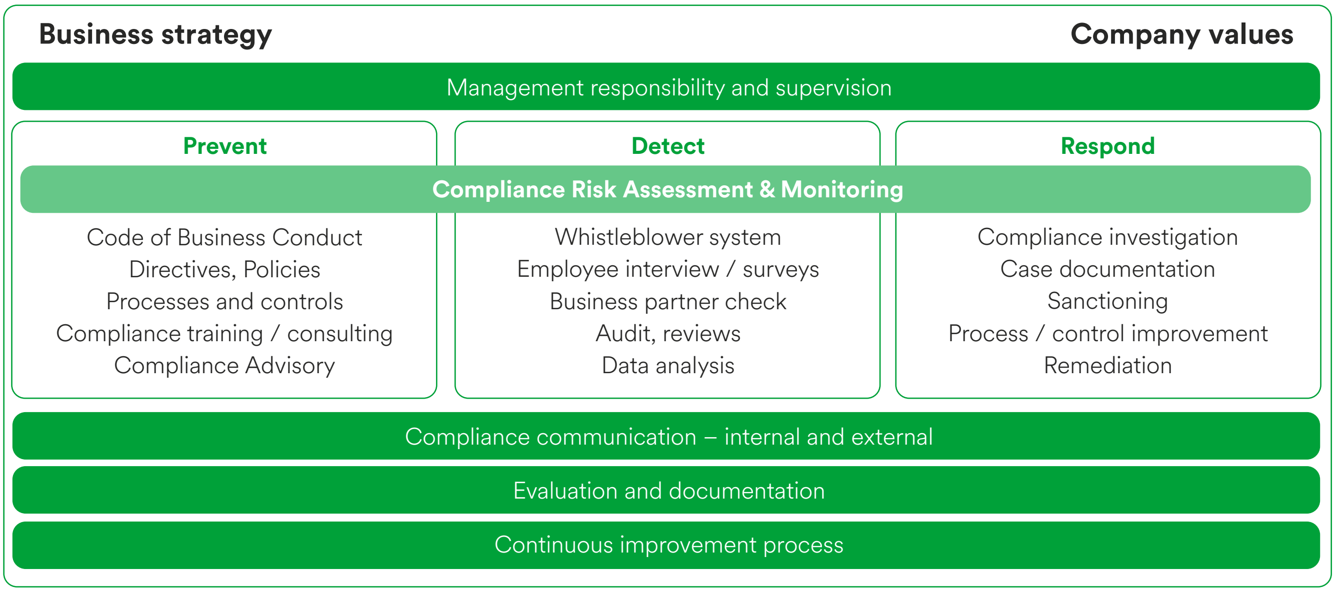
[ESRS G1-3; GRI 2-16, 2-26, 3-3d, 205-2]

A summary of the "Actions taken" can be found in the management approach at the beginning of this chapter.

## Compliance Management System

The objective in setting up and continuously developing the Compliance Management System is to prevent, detect and respond to compliance violations against the interests of the company, as well as avoid liability risks and damage to the company's reputation. Furthermore, it aims to advise and safeguard the company's management, executives and employees, and to increase efficiency by coordinating existing compliance activities. The Compliance Management System corresponds to the following structure (figure 22):

**Elements of the Lenzing Compliance Management System** Figure 22




Compliance is based on the corporate values of the Lenzing Group and the measures it takes to promote integrity within the company. Formal structures, such as the assignment of responsibilities, ongoing monitoring and structures for communication, evaluation and documentation are essential components of the Compliance Management System.

The ongoing compliance program is based on the following pillars:

- Measures to prevent misconduct
- Measures to detect compliance risks and weaknesses
- Measures to respond to misconduct and identified weaknesses in order to avoid them in future.

At the meetings of the Supervisory Board's Audit Committee in February, September and November 2024, the Compliance Officer reported on the content, objectives and status of the compliance organization, the structure of the Compliance Management System, training, internal and external investigations and various compliance measures (communication, surveys) in a separate agenda item.

**Whistleblower system**
In order to enable all employees and other stakeholders to report concerns in connection with topics such as corruption, bribery, conflicts of interest, antitrust laws and capital market law, an online-based whistleblower system was established in 2017. For more details (ESRS 2 MDR-A), please see the "Detective measures" (G1-1) section in this chapter.

**Communication of critical concerns to the highest governance body**
To remain compliant with all policies and react swiftly to any violations, the communication of critical concerns to the highest governance body is important. For more information on this, please see the Lenzing Group's Annual Report (Corporate Governance Report).

**Availability of policies**
All publicly available policies of the Lenzing Group are available under the following link: Compliance – Lenzing – innovative by nature. Policies and Directives are available to all employees via Lenzing's intranet. They are provided in the following languages: German, English, Czech, Chinese, Bahasa, Portuguese and Thai.

The document manager ("caretaker") in Compliance is the Group Compliance Officer, who therefore has the responsibility to disseminate a document to relevant business units. Compliance guides and materials are stored in Lenzing's intranet and made available to compliance stakeholders. The resources are managed, updated and supplemented by Lenzing Global Compliance.

### Compliance training

Understanding rules and regulations is a fundamental requirement for "correct" behavior. Hence, eLearning was continuously expanded during the reporting year to efficiently convey the most important content of the compliance directives to the relevant target groups. New employees receive welcome folders containing the Lenzing Code of Business Conduct. In addition, at all sites employees with IT access (approx. 6,000 employees) are assigned mandatory eLearning courses once per year. To ensure that the content of the eLearning has been understood, it can only be completed if at least 80 percent of points are achieved in the final quiz. The mandatory eLearning subjects for every employee, including the Managing Board, are: the Global Code of Business Conduct, the whistleblowing system and know-how protection. While some employees may be trained in these issues face-to-face, 89 percent of employees assigned to the eLearning training sessions completed them in 2024 (out of 6,181 employees).

All white-collar employees and the Managing Board (3,405 employees) were also assigned the mandatory ABC Directive training, of which 97 percent completed the training.

Specific trainings were assigned to functions-at-risk. 267 employees were assigned the Antitrust training, of which more than 92 percent fulfilled the training. A new Anti-Money Laundering training was assigned to 354 employees and was completed by 83%.

The Supervisory Board completed the e-Learnings Global Code of Business Conduct and ABC Directive trainings in 2024. The goal was to give them an understanding of their responsibilities in regard of overseeing the Managing Board implementing compliance, Lenzing`s values and as well as the risks related to corruption.

### Compliance cockpit

**RISK ASSESSMENT**

In 2023, Group Compliance issued a risk survey to the management of all legal entities aiming to identify possible risks and improvement options for business conduct efforts. The risk survey asked about employees' awareness of company policies, including the Global Code of Business Conduct and whistleblowing system, and was also intended to evaluate whether leadership serves as a role model in adhering to these guidelines. The results were published and analyzed in 2024, and the improvements will be implemented in 2025.

In 2024 the so-called "compliance cockpit" was approved, which aims to improve business conduct efforts. The package includes the improvement of the whistleblower tool and the gift and hospitality tool as well as the implementation of a conflict of interest registration tool and a policy manager (receiving, reading and acknowledging policies). The action is expected to finish in the first half of 2025.

## Metrics and targets

[ESRS G1-4; GRI 2-27, 205-3, 308-1, 308-2, 414-1]

The metrics in this section are not validated by an external body other than the assurance provider.

See "Sustainability targets" in the management approach at the beginning of this chapter. All of Lenzing's sustainability targets and the process of setting and monitoring (ESRS 2 MDR-T 80g, 80j) can be found in the "Sustainability targets, measures and progress" section in the "ESRS 2 General disclosures" chapter.

| **Supplier engagement** | **To engage key suppliers, covering more than 80 percent of spend, to improve sustainability performance** | **Continuous On track** |
|---|---|---|
| Measure(s) | Lenzing assesses 95 percent of its top suppliers representing 80 percent of spend via EcoVadis, the Together for Sustainability Audit or an internal assessment/audit by 2025. | **2025 On track** |
| | Lenzing considers climate, water and chemical aspects in the procurement contractual process of its top chemicals suppliers | **Continuous On track** |
| Progress made in 2024 | More than 800 of Lenzing's suppliers are assessed and monitored by EcoVadis. Four suppliers were audited by Lenzing through the Together for Sustainability audit program. Engaging and onboarding suppliers is an ongoing process, whereby buyers strive to engage the biggest possible portion of all of Lenzing's key suppliers. Around 60 percent of the Global Procurement spend, including wood and pulp was covered by these assessments. Supply agreements signed with the top chemical suppliers include sustainability clauses. | |

The target "Supplier engagement" aligns with the Global Code of Business Conduct, the Global Supplier Code of Conduct, and the Policy on Human Rights and Labor Standards by ensuring adherence to ethical business practices, respect for human rights and the commitment to environmental, social and governance sustainability across the supply chain, thereby contributing to global efforts in improving environmental and social outcomes, such as reducing carbon footprints, conserving natural resources and promoting fair labor practices. The calculation takes in account on one hand the total procurement volume of the year 2023 from Global procurement (all except wood and pulp), and the share of these suppliers as assessed in 2024. On the other hand, the wood and pulp suppliers were assessed through forest certification and/or internal due diligence at a rate of at least 99%. The weighted average of these two components is the final percentage of assessed supply spend.

For more information on the ESRS 2 MDR-T of the "Supplier engagement" target, please refer to the "Metrics and targets" section in the "S2 Workers in the value chain" chapter.

### Compliance violations

Reported concerns via the whistleblower system are recorded in the Legal, IP and Compliance department.

From 65 cases filed through the Lenzing Group whistleblower system and 96 filed through the whistleblower system of Lenzing`s joint venture LD Celulose in Indianópolis (Brazil), Lenzing can report that the Lenzing Investigation Team investigated and processed any reported violations of our principles and in some cases imposed sanctions on the employees concerned.

In 2024, there were no convictions or fines related to anti-bribery and anti-corruption laws. There were no public complaints in connection with corruption incidents brought against the company or its employees during the reporting period.

[GRI 206-1]

In relation to the establishment of the Hygiene Austria LP GmbH joint venture with Palmers Textil AG in 2020, the Austrian Federal Competition Authority initiated an investigation in September 2022, concerning the practice of doing business prior to receiving merger control clearance. Lenzing fully cooperated in the investigation, acknowledged the infringement of the prohibition to implement a transaction prior to clearance and agreed to pay a fine of EUR 75,000 in settlement proceedings involving the Austrian Cartel Court in 2024.

## Business conduct stakeholder engagement

[GRI 2-28, 3-3f]

### Membership associations

For Lenzing's membership associations, please see the "Stakeholder engagement" focus paper.

### Employees

Employees are expected to follow the Global Code of Business Conduct. They are also a viable asset in the timely notification of unlawful conduct within the company. Every employee is informed and trained with regards to Lenzing's policies and directives.

### Suppliers

Suppliers are expected to follow the Supplier Code of Conduct as well as respect human rights and labor laws within their own operations. Lenzing is obliged by the EU Supply Chain Act to carry out a thorough audit of its suppliers.

### Austrian Code of Corporate Governance

In order to meet the demands of Lenzing's shareholders and business partners, it is essential for Lenzing to comply with the Austrian Code of Corporate Governance (ÖCGK). Customers in particular demand that their service providers and suppliers adhere to their compliance standards. The Austrian Corporate Governance Code defines specific duties for the Managing Board, Supervisory Board and auditors. The overall responsibility for compliance lies with the Managing Board – it must ensure compliance with legal provisions and work towards their observance within the company (§ 15 ÖCGK). In addition, it must inform the Supervisory Board regularly, comprehensively and promptly about all issues relevant to the company and report at least once a year on precautions taken to combat corruption (§ 18a ÖCGK).

### Together for Sustainability (TfS)

Together for Sustainability (TfS) is an initiative consisting of and driven by chemical procurement specialists, which has the goal of collectively building more sustainable chemical supply chains. Lenzing has been a member of this initiative since 2022. All TfS members have full access to a global network of assessed and audited suppliers, which will result in higher efficiencies in sustainable procurement through this shared database. Performance progress based on common principles is shared throughout the TfS community and brings more transparency and unity. This will benefit chemical companies as well as their suppliers.

### Canopy

Lenzing cooperates with the 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[63], an annual ranking of all mane-made cellulose fiber manufacturers based on their wood and pulp sourcing performance, transparency and innovation. Today, more than 550 global brands with combined annual revenues of over USD 1 trillion are looking to source from "green shirt" producers. In recent years, Lenzing has shown continuous improvement in all of these criteria. Lenzing's Wood and Pulp Policy has been aligned with the CanopyStyle initiative for years. Furthermore, since 2020, the geographical locations of pulp suppliers have been publicly disclosed in more detail. In Canopy's latest Hot Button Report, published in December 2024, Lenzing received a dark green shirt for the fifth time.

### EU Deforestation Regulation (EUDR)

All relevant EU institutions have adopted the EU Deforestation Regulation (EUDR 2023/1115), which was published in June 2023. The regulation was first announced to be binding from December 30, 2024 onwards, but then delayed to 30th December, 2025. Lenzing has been preparing for the implementation of this regulation to be fully compliant with the law, and has been supporting its customers with all necessary information. Internal processes were initiated and Lenzing maintains a continuous exchange with supply chain partners and relevant stakeholders, such as industry associations and certification schemes to fulfil the requirements. The current focus is on the interpretation of text and the operational implementation including the necessary information technology tools. EUDR will increase the administrative burden substantially, which requires additional resources to ensure full compliance.

The goals of the Regulation have raised expectations that transparency along the supply chains of wood products will increase substantially. However, the scope of the Regulation is limited to wood and pulp, and does not cover regenerated cellulose fibers or products based on these fibers. The geographical scope is Europe; so, fiber production sites outside Europe as well as fibers and other products made from wood and pulp sourced outside Europe are not or just partially covered.

[63] https://canopyplanet.org/tools-and-resources/hot-button-report

# Transparency

MANAGEMENT APPROACH

## Material topic: Transparency

[ESRS 2 MDR-A 68a; GRI 3-3]

As new digital technologies dramatically reshape industries, Lenzing pursues efforts to leverage the benefits of these technologies to optimize its operations and to enable transparency and traceability along the supply and value chain.

**Positive actual impacts**

- Positive impact on the trust of stakeholders by being transparent (own operations)

For a more detailed description of the impacts, risks and opportunities, please see the “Material impacts, risks and opportunities” section of the “ESRS 2 General disclosures” chapter.

**Policies**

- Sustainability Policy

**Actions taken** [ESRS 2 MDR-A 68a]

- Fiber identification system
- Lenzing E-Branding Service
- Downstream Value Chain Traceability via Fibercoins™ Digital Tokens
- Digital Product Passport
- Combining real-time shipment and carbon visibility

**Stakeholders**

- Retailers and brand partners
- Value chain partners in the textile and nonwovens industries
- IT solution partners
- Consumers seeking transparency in sustainable products
- Lenzing employees
- Lenzing shareholders
- Regulatory bodies

**Responsible**

- Lenzing management overseeing supply chain, traceability & transparency, and digital transformation projects
- Digital transformation and operational leaders facilitating the implementation of digital solutions

**Supporting**

- Textile and Nonwovens business units
- Global IT

In an increasingly digitalized business environment, transparency and traceability are essential. This chapter addresses the application of digital solutions and the promotion of sustainable business processes. Integrating transparency and traceability mechanisms can enhance operational visibility and strengthen compliance with regulatory standards and consumer expectations. For more information on Lenzing's upstream value chain and transparent procurement practices, please see the “Sourcing” section of the “G1 Business conduct” chapter.

## Transparency

Today, digital technologies are evolving at an unprecedented pace, becoming increasingly complex and affecting more people. As these technologies dramatically reshape industries, Lenzing strives to leverage their benefits to optimize operations, enable transparency and traceability along the value chain, and to provide additional value to its customers.

## Strategy

### Digital solutions for transparency and traceability across entire supply chains

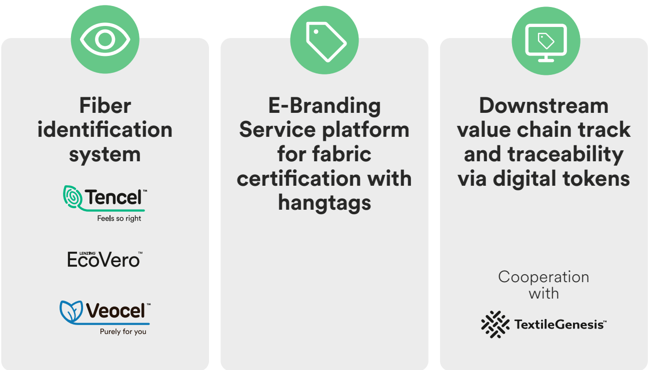
In addition to its ongoing digitalization efforts, Lenzing is dedicated to advancing digital solutions across the textile and nonwoven supply chain. The company strives to enhance transparency and traceability within the textile and nonwovens industries. Transparency signifies openness with all stakeholders who interact with Lenzing fibers. This is vital, as transparent dialog with the industry is the only way to ensure traceability and verify the origin of Lenzing fibers from production to the finished garment.

Lenzing’s fiber identification system and E-Branding Service form the basis of its overall approach to transparency, further reinforced by using the TextileGenesis™ platform which employs digital tokens to enhance traceability. Cooperation with the Global Textile Scheme contributes to efficient fiber data exchange for the Digital Product Passport in the textiles sector. Additionally, the real-time ocean shipment tracking solution that was developed in collaboration with project44 drives digitalization and transparency in the global textile and nonwovens supply chain.

Lenzing follows a three-pillar approach to a more sustainable and transparent textile and nonwovens supply chain (figure 22):

- Fiber identification system for TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ branded fibers
- Lenzing E-Branding Service platform for fabric certification, brand licensing and hang-tags
- Lenzing downstream value chain traceability via use of TextileGenesis™ digital token solution

**Building blocks of transparency** Figure 22




# Policies

[ESRS 2 MDR-P]

Lenzing's Sustainability Policy covers the "Positive impact on the trust of stakeholders by being transparent" by fostering long-term partnerships with all our stakeholders based on open dialog and transparency. For more information on the ESRS 2 MDR-P of the Sustainability Policy, please see the "Sustainability strategy" section of the "ESRS 2 General disclosures" chapter.

# Actions

[ESRS 2 MDR-A]

## Fiber identification system

Lenzing utilizes fiber identification technology to ensure transparency and traceability across its fiber portfolio. This technology has been successfully implemented for LENZING™ ECOVERO™ branded viscose fibers, TENCEL™ branded modal and lyocell fibers, TENCEL™ x REFIBRA™ lyocell fibers, and the LENZING™ FR portfolio. Additionally, Lenzing has integrated this patented technology into its specialty fibers, such as LENZING™ Lyocell Skin, designed for beauty applications and marketed under the VEOCEL™ brand, spun-dyed LENZING™ ECOVERO™ branded viscose in black and LENZING™ ECOVERO™ x REFIBRA™.

This technology helps safeguard brands and retailers by verifying that their products are produced in state-of-the-art facilities meeting high standards for resource efficiency, environmental stewardship, and social responsibility, and prevents the usage of fibers derived from controversial wood sources.

The fiber identification system operates by verifying the origin of Lenzing fibers in the value chain, from Lenzing to the finished garment. This enables full traceability, counteracting the risk of counterfeiting and reinforcing product authenticity. As a result, brands and retailers gain confidence that their products are ethically sourced and manufactured, and can provide assurance to consumers about the sustainability of the fibers used.

## Lenzing E-Branding Service

Lenzing's ingredient branding empowers brand partners, who are Lenzing's indirect customers, to communicate the sustainable properties of Lenzing fibers to consumers. Retailers benefit from Lenzing and brand partners who can help to tell a consistent, transparent sustainability story. The Lenzing E-Branding Service supports this need by providing an online platform for brand partners to access certification and licensing options.

Registered Lenzing textile brand partners can apply for fabric certification, license agreements or Lenzing hang-tags while nonwoven brand partners can also register for combined certification and licensing. This platform facilitates value chain transparency from Lenzing to the consumer, including fabric testing by Lenzing to verify that fabrics meet defined standards.

In 2024, the Lenzing E-Branding Service introduced the Bulk Application feature, thereby further improving efficiency. Users can now submit up to 150 Product License applications in a single batch using a simple three-step process: prepare, upload and submit. A pre-loaded Excel form, which is customized according to the user's history, helps streamline the process with built-in checks to flag inconsistencies or duplicates. This feature speeds up verification, enhancing transparency and supporting clearer communication regarding sustainability.

The Lenzing E-Branding Service serves its partners in the value chain – from fiber purchasers to fabric manufacturers, converters and end-product makers, all the way to retailers including online stores. By continually refining the E-Branding Service platform and adding innovations such as the Bulk Application feature, Lenzing aims to attract more partners, increase the use of its trademarks and educate consumers about sustainable, lower-impact materials.

**E-BRANDING-SERVICE**

Since the launch of the E-Branding Service in 2018, the number of applications for licenses and swing-tickets processed by the E-Branding Service Team has grown at a compounded annual growth rate of more than 30 % every year. Despite the challenging economic conditions after the height of the pandemic in 2021, the TENCEL™ and LENZING™ ECOVERO™ brands have continued to grow their licensed product base at a compounded annual growth rate of over 10 %.

## Lenzing downstream value chain traceability via Fibercoins™ digital Tokens

Following several successful pilot projects in 2019 together with the innovative software provider TextileGenesis™, Lenzing introduced its digital platform for textile value chain traceability in 2020, marking a significant milestone for the company. Launched in November 2020 for TENCEL™ and LENZING™ ECOVERO™ branded fibers, this platform provides customers and partners with comprehensive visibility across the entire textile supply chain. As traceability has become a top priority for apparel and home textile brands, Lenzing's digital token-enabled platform supports the industry's growing demand for transparency and sustainable practices.

The platform's use of Fibercoins™ digital tokens has been central to its success. Fibercoins™ technology allows Lenzing to issue digital tokens in proportion to the physical shipments of TENCEL™ and LENZING™ ECOVERO™ branded fibers. These tokens act as unique "fingerprints", enhancing the security and authenticity of the textile supply chain by preventing record tampering. This system ensures a more reliable digital chain of custody.

Since its inception, over 7,000 textile supply chain companies – ranging from spinners, mills and manufacturers to ESG standards and certification bodies – have joined the platform. Major fashion brands, such as H&M and Bestseller, have begun rolling out TextileGenesis™ for all regenerated cellulose fibers. The demand for digitally traceable fibers has grown, with the number of Fibercoins™ digital tokens issued each month continuing to rise steadily.

**TEXTILE GENESIS™**

TextileGenesis™ is a pioneering textile supply chain traceability platform for the fashion and textile industry. Fibercoins™ traceability technology creates real-time digital accounting of sustainably produced fibers along the entire textile supply chain from fiber to retail, creating an entirely new level of traceability for brands and retailers. The platform is custom-built for all sustainably produced fibers, such as regenerated cellulose fibers, wool, recycled polyester and organic cotton.

### Digital Product Passport

Textiles are the priority product group for regulation under the Ecodesign for Sustainable Products Regulation (ESPR), within the umbrella of the EU Green Deal. ESPR will also establish information requirements for the Digital Product Passport (DPP), enhancing transparency and data granularity to promote circularity and sustainability in textiles. The European Commission is working on standards and IT solutions for the DPP. These are expected to become mandatory for textiles around 2026, as manual data generation will not be feasible until then due to the enormous quantity of data required. Thereafter, Lenzing will have to disclose certain information about its fibers to its customers. It is not yet clear whether the scope will also include data from Lenzing's upstream value chain, e.g. relating to certification.

In 2024, Lenzing joined the CIRPASS-2 Expert Working Group 3 – Textiles Stakeholder Group. The group's objective is to incorporate the textile industry's insights regarding aspects such as value chains, supply chains, and product characteristics, to help clarify the benefits and challenges involved in implementing DPPs in the sector, while discovering and validating new business models, and understanding the needs of SMEs in the sector as well as evolutions in sustainable consumer behavior. The group will also contribute to building sector-specific ontologies.

### Combining real-time shipment and carbon visibility

A real-time ocean shipment visibility tool has been available to Lenzing customers worldwide since September 2023, driving digitalization and transparency in the global textile and nonwoven supply chain.

Lenzing launched the real-time ocean shipment visibility tool in collaboration with project44, a digital supply chain solutions company. To address supply chain complexities, Lenzing integrated a real-time application programming interface (API) connecting its ERP system to project44's "Movement" platform. This combines AI, GPS sensors and machine learning to provide customers with real-time data on fiber orders, including shipment status, container location, vessel route tracking and estimated arrival times.

## Metrics and targets

[ESRS 2 MDR-T]

Lenzing has no targets regarding the "Positive impact on the trust of stakeholders by being transparent". Lenzing has been prioritizing and working on key topics in a gradual manner.

## Transparency stakeholder engagement

[GRI 3-3f]

**Brands and retailers**
Lenzing's dedication to transparency extends across a wide array of stakeholders, each playing a vital role in fostering a more sustainable and informed textile and nonwovens supply chain. For retailers and brand partners, Lenzing's transparency initiatives ensure confidence in the sourcing and traceability of materials, allowing them to communicate the sustainability attributes of their products effectively to consumers. Lenzing's E-Branding Service and fiber identification technologies support these partners by offering tools that verify compliance with high standards and facilitating transparent, data-backed claims that resonate with today's environmentally conscious shoppers.

**Value chain partners**
For value chain partners within the textile and nonwovens industries, Lenzing's collaborative approach emphasizes traceability from fiber production to the final product. By employing platforms such as TextileGenesis™ and engaging in industry-wide standards such as the Global Textile Scheme, Lenzing enables seamless data exchange and digital documentation. This helps to maintain a robust digital chain of custody, benefiting partners by mitigating risks of counterfeiting and reinforcing authenticity. The integration of these tools with IT solution partners further amplifies transparency, creating a cohesive system that aligns with regulatory expectations and enhances operational efficiency. In supporting these measures, Lenzing's efforts build trust with direct partners, as well as end-consumers and regulatory bodies who seek transparent, reliable data on sustainable production practices.

**CIRPASS-2**

In 2024, Lenzing joined the CIRPASS-2 Expert Working Group 3 – Textiles Stakeholder Group. The group's objective is to incorporate the textile industry's insights regarding aspects such as value chains, supply chains, and product characteristics to help clarify the benefits and challenges involved in implementing DPPs in the sector while discovering and validating new business models, and understanding the needs of SMEs in the sector as well as evolutions in sustainable consumer behavior. The group will also contribute to building sector-specific ontologies.

# Supplementary information pursuant to § 243b UGB

The figures and information in this chapter relate to Lenzing AG pursuant to § 243b UGB and therefore only to the Lenzing site (Austria).

## Lenzing Aktiengesellschaft – Safety

### Work-related injuries for all employees – Lenzing (Austria)[a]

Table 69

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total hours worked (productive working hours)** | **5,753,287** | **6,106,706** | **5,406,705** |
| i) Number of fatal injuries | 0 | 0 | 0 |
| i) Rate of fatal injuries | 0 | 0 | 0 |
| ii) Number of high-consequence work-related injuries | 0 | 0 | 0 |
| ii) Rate of high-consequence work-related injuries | 0 | 0 | 0 |
| iii) Number of recordable work-related injuries | 54 | 29 | 28 |
| iii) Rate of recordable work-related injuries | 2 | 0.95 | 1.04 |
| iv) Total number of work-related injuries or ill health | 128 | 88 | 107 |
| iv) Rate of work-related injuries | 4 | 2.9 | 3.96 |

### Work-related injuries for non-employees - Lenzing (Austria)[a]

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total hours worked (productive working hours)** | **831,956** | **796,771** | **846,478** |
| i) Number of fatal injuries | 0 | 0 | 0 |
| i) Rate of fatal injuries | 0 | 0 | 0 |
| ii) Number of high-consequence work-related injuries | 0 | 0 | 0 |
| ii) Rate of high-consequence work-related injuries | 0 | 0 | 0 |
| iii) Number of recordable work-related injuries | 10 | 6 | 7 |
| iii) Rate of recordable work-related injuries | 2 | 1.5 | 1.65 |
| iv) Total number of work-related injuries or ill health | 26 | 15 | 13 |
| iv) Rate of work-related injuries | 6 | 3.8 | 3.07 |

a) All data was calculated on the basis of 200,000 working hours.

## Work-related fatalities (Austria)

No work-related fatalities were reported at Lenzing AG in the 2024 financial year.

## Top five injury types

### Top five injury types – Lenzing (Austria)

Table 70

| | 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| For employees in the own workforce | Cuts & lacerations | 35 | Cuts & lacerations | 22 | Cuts & lacerations | 27 |
| | Bruises | 27 | Bruises | 17 | Chemical burns | 20 |
| | Chemical burns | 20 | Hot burns | 10 | Abrasions | 15 |
| | Abrasions | 17 | Chemical burns | 8 | Bruises | 12 |
| | Fractures | 8 | Abrasions | 7 | Not assigned | 12 |
| For non-employees in the own workforce | Cuts & lacerations | 6 | Cuts & lacerations | 5 | Abrasions | 2 |
| | Bruises | 4 | Bruises | 3 | Fractures | 2 |
| | Chemical burns | 2 | Abrasions | 2 | Sprains | 2 |
| | Abrasions | 2 | Foreign bodies | 2 | Not assigned | 2 |
| | Foreign bodies | 2 | Chemical burns, Fractures, Hot burns, Strains | 1 | Cuts & lacerations | 2 |

# Lenzing Aktiengesellschaft – Workforce

## Employees 2024

Lenzing Aktiengesellschaft: Number of employees as of December 31 2024.

**Employees 2024 - Lenzing (Austria)**

Table 71

| Lenzing AG Lenzing Aktiengesellschaft: Number of employees as of December 31; employees only (including apprentices, excluding temporary workers) | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Total headcounts as of 31.12.** | **3,128** | **3,158** | **3,278** |
| Proportion of women | 19.41% | 18.70% | 19.00% |
| Proportion of age >50 | 23.05% | 23.00% | 24.00% |
| Proportion of non-Austrians | 8.98% | 8.70% | 7.90% |
| Apprentices | 150 | 145 | 144 |
| Contractors | 113 | 108 | 128 |
| Proportion of employees with full-time contract | 84.72% | 83.06% | 87.00% |
| Thereof female | 11.55% | 11.60% | 12.00% |
| Thereof male | 88.45% | 88.40% | 88.00% |
| Proportion of employees with part-time contract | 15.28% | 16.94% | 13.03% |
| Thereof female | 62.97% | 53.60% | 65.80% |
| Thereof male | 37.03% | 46.40% | 34.20% |
| Proportion of employees for whom collective bargaining agreements exist | 100.00% | 100% | 100% |
| Employees with disabilities | 50 | 51 | 59 |
| Turnover rate | 8.44% | 9.60% | 7.70% |

### Potential corruption offenses or breaches of antitrust law

In connection with establishing the Hygiene Austria LP GmbH joint venture with Palmers Textil AG in 2020, the Austrian Federal Competition Authority initiated an investigation in September 2022 relating to doing business prior to receiving merger control clearance. Lenzing fully co-operated in the investigation, acknowledged the infringement of the prohibition to implement a transaction prior clearance and agreed to a fine of EUR 75,000 in settlement proceedings before the Austrian Cartel Court in 2024.

As regards potential corruption offenses, no official measures were undertaken or legal claims made against Lenzing Aktiengesellschaft in 2024.

### Environment

Figures concerning environmental matters will not be reported separately for competitive reasons and because these matters are managed and measured on a group-wide basis. The omission of this information does not prevent a fair and balanced understanding of its development, performance, position, and impact of these activities.

# Additional information on chapters

## Wood and pulp procurement

**Wood procurement for the company's own fiber pulp plants in Lenzing (Austria) and Paskov (Czech Republic)**
Beech and spruce, by country, 2022 to 2024.

Regional – own country and neighbouring countries

**Wood procurement for Lenzing (Austria)** Table 72

| Country | 2024 | 2023 | 2022 |
|---|---|---|---|
| Austria | 40.67% | 43.68% | 42.86% |
| Germany | 20.11% | 21.51% | 15.41% |
| Czech Republic | 15.56% | 13.08% | 17.02% |
| Slovakia | 11.86% | 12.25% | 13.31% |
| Hungary | 5.65% | 3.04% | 4.70% |
| Slovenia | 3.32% | 1.45% | 0.46% |
| **Total regional** | **97.17%** | **95.00%** | **93.76%** |
| Poland | 1.16% | 1.55% | 1.86% |
| France | 1.15% | 1.92% | 2.22% |
| Switzerland | 0.28% | 1.46% | 2.16% |
| Croatia | 0.24% | 0.07% | 0.01% |
| **Other countries** | **2.83%** | **5.00%** | **6.25%** |
| **Total** | **100.00%** | **100.00%** | **100.00%** |

**Wood procurement for Paskov (Czech Republic)** Table 73

| Country | 2024 | 2023 | 2022 |
|---|---|---|---|
| Czech Republic | 67.85% | 86.35% | 89.67% |
| Slovakia | 12.08% | 6.04% | 5.80% |
| Poland | 3.82% | 2.73% | 1.78% |
| Austria | 1.09% | 1.23% | 0.78% |
| Germany | 15.16% | 3.65% | 1.97% |
| **Total regional** | **100.00%** | **100.00%** | **100.00%** |

## Certification status in the Lenzing Group, 2022–2024

Certification status of total wood input at Lenzing fiber production sites of its own and purchased dissolving wood pulp. Basis: dissolving wood pulp by weight. All PEFC certified or controlled sources are also FSC® controlled.

**Certification status in the Lenzing Group, 2022–2024** Table 74

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| PEFC | 28.60% | 34.00% | 24.20% |
| FSC® 100% | 10.20% | 15.00% | 3.50% |
| FSC® Mix | 39.50% | 22.00% | 37.40% |
| FSC® Controlled Wood | 21.70% | 29.00% | 34.10% |
| No claim | 0.00% | 0.00% | 0.80%[a] |

a) Part of this is due to the formal process of certifying the new site. A small amount of non-certified wood was used for R&D purposes and was submitted to a due-diligence process according to Lenzing's Wood and Pulp Policy.

## Lenzing's most important wood species in 2024

**Lenzing's most important wood species** Table 75

| Wood sourcing Region | Europe | South Africa | North America | South America |
|---|---|---|---|---|
| Wood species (most important) | beech, spruce, ash, birch, poplar | eucalyptus | pine, ash, aspen, maple, fir, hemlock | eucalyptus |

# Biodiversity sensitive areas and protected sites near Lenzing production sites

[ESRS E4 ESRS 2 SBM-3; GRI 304-1]

## Biodiversity sensitive areas and protected sites near Lenzing production sites

Table 76

| Operational Site | Name of Biodiversity Sensitive Area/Protected Site | Type of protected area (water/swamp/terrestrial) | Distance in km | Type/Categorization of Biodiversity Sensitive Area | Location of protected area | Competent authority |
|---|---|---|---|---|---|---|
| **Operational Site: Lenzing Fibers Grimsby Ltd., Grimsby, United Kingdom<br>Lat.: 53,591351, Long.: –0,133550;<br>Area of Site: 13,5 ha** | | | | | | |
| Grimsby | Lincolnshire Wolds National Landscape, Area of Outstanding Natural Beauty | terrestrial | 10 | Area of Outstanding Natural Beauty<br>IUCN Management Category V | Long.: –0,125667<br>Lat.: 53,386298 | East Yorkshire and Northern Lincolnshire, Extra-Regio, Lincolnshire |
| Grimsby | Humber Estuary, Special Area of Conservation (SAC) and a Special Protection Area (SPA) | water/marine | 1 | IUCN Management Category V<br>Key Biodiversity Area (KBA)<br>Ramsar Site, Wetland of International Importance (Nr. 663)<br>Site of Special Scientific Interest<br>Marine Protected Area (OSPAR)<br>Emerald Network Site UK0030170<br>(former Natura 2000 site UK9006111 und UK0030170) | Long.:–0,734722<br>Lat.: 53,589166<br>(downstream) | East Yorkshire and Northern Lincolnshire, Extra-Regio, Lincolnshire |
| Grimsby | Laughton Forest | terrestrial | 10 | Key Biodiversity Area (KBA) | Long.: –0,727650<br>Lat.: 53,498023 | Forestry England |
| Grimsby | Lincolnshire Coronation Coast | water | 15 | National Nature Reserve<br>IUCN Management Category IV | Long: 0,191111<br>Lat.: 53,433611<br>(downstream) | Natural England |
| Grimsby | Bradley & Dixon Woods | terrestrial | 8 | Local Nature Reserve<br>IUCN Management Category IV | Long.: –0,124969<br>Lat.: 53,534798 | Natural England |
| Grimsby | Weelsby Woods Park | terrestrial | 9 | Local Nature Reserve<br>IUCN Management Category IV | Long.: –0,058880<br>Lat.: 53,548671 | Natural England |

**Operational Site: Lenzing Fibers GmbH, Heiligenkreuz, Austria**
**Lat.: 46,968158, Long.: 16,256086**
**Area of Site: 27,15 ha**

| | | | | | | |
|---|---|---|---|---|---|---|
| Heiligenkreuz | Lafnitz Fluss, Austria | water | 1 | Natura 2000 (AT1122916) | Long.: 16,105300<br>Lat.: 47,066400<br>(upstream) | Amt d. Burgenländischen Landesregierung, Abt. 5/III, Natur- und Umweltschutz |
| Heiligenkreuz | Naturpark Raab | water | 15 | IUCN Management Category V<br>EEA European Protected Site<br>Nature Park | Long.: 16,12068<br>Lat.: 46,912648<br>(downstream) | Amt der Steiermärkischen Landesregierung Referat Naturschutz |
| Heiligenkreuz | Lafnitztal | water | 3 | Natura 2000 (AT1122916)<br>Ramsar site (nr. 1169) | Long.: 16,105300<br>Lat.: 47,066400<br>(upstream) | Amt der Steiermärkischen Landesregierung Referat Naturschutz |

**Operational Site: Lenzing, Austria**
**Lat.: 47,978798, Long.: 13,616135**
**Area of Site: 153,4 ha**

| | | | | | | |
|---|---|---|---|---|---|---|
| Lenzing | Mond- und Attersee | water | 3 | Natura 2000 (AT3117000)<br>EEA European Protected Site<br>Special Areas of Conservation (Habitats Directive) | Long.: 13,483300<br>Lat.: 47,791700<br>(upstream) | Amt der Oö.Landesregierung, Abteilung Naturschutz |
| Lenzing | Untere Traun | water | 13 | Natura 2000 (AT3113000)<br>EEA European Protected Site<br>Key Biodiversity Area (KBA)<br>Special Protection Area (Birds Directive) | Long.: 13,916700<br>Lat.: 48,083300<br>(downstream) | Amt der Oö.Landesregierung, Abteilung Naturschutz |
| Lenzing | Gerlhamer Moor | swamp | 5 | Natura 2000 (AT3140000)<br>IUCN Management Category IV<br>EEA European Protected Site | Long.: 13,558300<br>Lat.: 47,951700<br>(upstream) | Amt der Oö.Landesregierung, Abteilung Naturschutz |
| Lenzing | Naturpark Attersee-Traunsee | terrestrial | 10 | IUCN Management Category V | Long.: 13,547173<br>Lat.: 47,829406 | Amt der Oö.Landesregierung, Abteilung Naturschutz |
| Lenzing | Reinthaler Moos | swamp | 9 | Natura 2000 (AT3106000)<br>EEA European Protected Site<br>Special Areas of Conservation (Habitats Directive) | Long.: 13,526400<br>Lat.: 47,916700<br>(upstream) | Amt der Oö.Landesregierung, Abteilung Naturschutz |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Operational Site: Lenzing Fibers Inc., Axis, USA**<br>**Lat.: 30,960825, Long.: –88,025558**<br>**Area of Site: 65,97 ha** | | | | | | |
| Mobile | Upper Delta Wildlife Management Area | terrestrial | 5 | IUCN Management Category V<br>Wildlife Management Area | Long.: -87,939677<br>Lat.: 30,985709 | State Department of Natural Resources ; State Department of Land ; State Fish and Wildlife |
| **Operational Site: Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China**<br>**Lat.: 32,267499, Long.: 118,892600**<br>**Area of Site: 34,86 ha** | | | | | | |
| Nanjing | Lanbowan–Qilihe Wetland | wetland | 10 | Key Biodiversity Area (KBA) | Long.: 118,6667<br>Lat.: 32,0667<br>(upstream) | |
| **Operational Site: Lenzing Biocel Paskov a.s., Paskov, Czechia**<br>**Lat.: 49,718049, Long.: 18,294587**<br>**Area of Site: 211,96 ha** | | | | | | |
| Paskov | Ostravice | water | 3 | Natura 2000 (CZ0813462)<br>Special Areas of Conservation (Habitats Directive) | Long.: 18,365833<br>Lat.: 48,083300<br>(downstream) | Regional authority of Moravosilesia region |
| Paskov | Paskov PP | terrestrial | 3 | Natura 2000 (CZ0813463) | Long.: 18,294722<br>Lat.: 49,729167 | Regional authority of Moravosilesia region |
| Paskov | Koryto řeky Ostravice | water | 3 | IUCN Management Category III<br>Nature Monument | Long.: 18,302202<br>Lat.: 49,733750<br>(upstream) | Ministry of the Environment of the Czech Republic |
| Paskov | Mokřad u Rondelu - | wetland | 20 | Natura 2000 (CZ0813455)<br>IUCN Management Category III<br>Nature Monument | Long.: 18,407222<br>Lat.: 49,786667<br>(downstream) | Krajský úřad Moravskoslezského kraje |
| Paskov | Poodří (CZ0814092) | water, terrestrial | 28 | Natura 2000 (CZ0814092)<br>Key Biodiversity Area (KBA) | Long.: 18,094722<br>Lat.: 49,711667<br>(downstream) | AOPK ČR - RP SCHKO Poodří |

**Operational Site: LD Celulose S.A, Indianópolis, Brazil**
**Lat.: –18,836333, Long.: –47,917333**
**Area of Site: 150 (mill area) ha**
**90.200 ha (plantation)**

| | | | | | | |
|---|---|---|---|---|---|---|
| LD Celulose S.A, Indianópolis | LD Celulose S.A, Indianópolis (within plantation area) | terrestrial | 0 | High conservation value area within LDC plantations | Long.: −47.917333, Lat.: −18,836333 | LD Celulose S.A |
| LD Celulose S.A, Indianópolis | Páu Furado State Park/Parque Estadual do Pau Furado | terrestrial, water | 30 | IUCN Management Category II | Long.: −48,17417699231 Lat.: −18,82266546151 (downstream) | Instituto Estadual De Florestas De Minas Gerais - Mg |

# Own workforce

**Different nationalities within the Lenzing Group 2024**

Table 77

| Nationality | Female | Male | Total |
|---|---|---|---|
| Afghanistan | 1 | 4 | 5 |
| Albania | 1 | | 1 |
| Argentina | 1 | | 1 |
| Austria | 588 | 2,616 | 3,204 |
| Belgium | | 3 | 3 |
| Bolivia | 1 | | 1 |
| Bosnia Herzeg. | 7 | 31 | 38 |
| Brazil | 294 | 947 | 1,241 |
| Bulgaria | 1 | | 1 |
| Canada | | 1 | 1 |
| China | 170 | 646 | 816 |
| Columbia | 1 | 1 | 2 |
| Croatia | 7 | 14 | 21 |
| Czech Republic | 123 | 407 | 530 |
| Dutch Antilles | | 1 | 1 |
| Egypt | | 1 | 1 |
| France | 5 | 3 | 8 |
| Germany | 21 | 74 | 95 |
| Hong Kong | | 2 | 2 |
| Hungary | 2 | 17 | 19 |
| India | 4 | 27 | 31 |
| Indonesia | 60 | 1,273 | 1,333 |
| Italy | | 9 | 9 |
| Kirghizstan | | 1 | 1 |
| Kosovo | 2 | 8 | 10 |
| Malaysia | 1 | 5 | 6 |
| Mazedonia | 2 | 4 | 6 |
| Mexico | 1 | | 1 |
| Montenegro | | 1 | 1 |
| Netherlands | 4 | 6 | 10 |
| Nigeria | | 2 | 2 |
| No Nationality | | 1 | 1 |
| Pakistan | 1 | 2 | 3 |
| Poland | 3 | 4 | 7 |
| Portugal | | 1 | 1 |
| Romania | 2 | 20 | 22 |
| Russian Fed. | 2 | 3 | 5 |
| Serbia | 2 | 3 | 5 |
| Singapore | 3 | 4 | 7 |
| Slovenia | 1 | 5 | 6 |
| Slovakia | 6 | 7 | 13 |
| Somalia | | 1 | 1 |
| South Africa | | 2 | 2 |
| South Korea | 3 | 1 | 4 |
| Spain | | 2 | 2 |
| Switzerland | | 2 | 2 |
| Syria | | 7 | 7 |
| Tadschikistan | | 1 | 1 |
| Taiwan | 1 | 3 | 4 |
| Thailand | 41 | 222 | 263 |
| Türkiye | 11 | 12 | 23 |
| Uganda | | 1 | 1 |
| Ukraine | 4 | | 4 |
| United Kingdom | 27 | 203 | 230 |
| USA | 46 | 165 | 211 |
| Vietnam | 1 | 1 | 2 |
| **Gesamtergebnis** | **1,451** | **6,777** | **8,228** |

# References in policies

**Lenzing Policies and their Intergovernmental Regulation Reference**

Table 78

| | |
|---|---|
| Global Code of Business Conduct | International Labor Organization's Declaration on Fundamental Principles |
| | International Bill of Human Rights |
| Sustainability Policy | Paris Climate Agreement |
| | United Nations Framework Convention on Climate Change |
| Supplier Code of Conduct | None |
| Wood and Pulp Policy | Forest Stewardship Council® (FSC®) certification |
| | Programme for the Endorsement of Forest Certification (PEFC) |
| | Declaration on Fundamental Principles and Rights at Work of the International Labor Organisation (ILO) – Core conventions |
| Policy for Safety, Health and Environment | None |
| Group Environmental Policy and Standard | EU Best Available Techniques (BAT ) |
| Performance Management | None |
| Anti-Bribery and Corruption Directive | Reference made to United Nations, WHO |
| Investigation Directive | None |
| Anti-Money Laundering Directive | Basel AML Index (published by the Basel Institute) |
| | Reference made to Financial Action Task Force (FATF), Transparency International, the World Bank, the World Economic Forum |
| | UN sanction list |
| | Debarred firms World Bank list |
| | IDB Group List of Sanctioned Firms and Individuals |
| Whistleblower Directive | None |
| Water Policy | EU Best Available Techniques Reference Documents (BREFs) |
| | EU Discharge of Hazardous Chemicals (ZDHC) |
| Group Financial Reporting Directive | International Financial Reporting Standards (IFRS) |
| | IFRS Group Accounting Guideline |
| | Committee of Spsonsoring Organisations of the Treadway Comission (COSO) |
| Modern Slavery Act Tansparency Statement (UK) | Modern Slavery Act 2015 |
| | Universal Declaration of Human Rights |
| | UN Global Compact |
| | OECD Guidelines for Multinational Enterprises |
| | Declaration on Fundamental Principles and Rights at Work of the International Labor Organisation (ILO) |
| | ISO 26000 |
| Policy on Human Rights and Labour Standards | Universal Declaration of Human Rights |
| | UN Guiding Principles on Business and Human Rights |
| | UN Global Compact |
| | OECD Guidelines for Multinational Enterprises |
| | Declaration on Fundamental Principles and Rights at Work of the International Labor Organisation (ILO) |
| Global Equity, Diversity and Inclusion Policy | UN Global Compact |
| | UN Sustainable Development Goals |
| Global Recruitment Guideline | None |
| Global Job Evaluation Guidelines | None |
| Global Learning & Development Guideline | None |
| Group Expatriate Guideline for Long Term International Assigments | None |
| Group Expatriate Guideline for Short Term International Assignments | None |
| Group Reward Guideline | None |
| Group Salary Guideline | None |
| Group Guideline for Creating a Job Description | None |
| Group Short Term Incentive Plan Grade 6A and above | None |
| Group Short Term Incentive Plan up to Grade 6A | None |
| Bioenergy Policy | Forest Stewardship Council® (FSC®) certification |
| | Programme for the Endorsement of Forest Certification (PEFC) |
| | Declaration on Fundamental Principles and Rights at Work of the International Labor Organisation (ILO) – Core conventions |
| Global Child Labor Remediation Procedure | Declaration on Fundamental Principles and Rights at Work of the International Labor Organisation (ILO) |

## NaDiVeG compliance table

You can find this table here:
https://reports.lenzing.com/annual-and-sustainability-report/2024/en/sustainability/annex/nadiveg

## GRI content index

You can find this table here:
https://reports.lenzing.com/annual-and-sustainability-report/2024/en/sustainability/annex/gri

## TCFD index

You can find this table here:
https://reports.lenzing.com/annual-and-sustainability-report/2024/en/sustainability/annex/tcfd

## TNFD index

You can find this table here:
https://reports.lenzing.com/annual-and-sustainability-report/2024/en/sustainability/annex/tnfd

Lenzing, March 4, 2025
**Lenzing Aktiengesellschaft**

**The Managing Board**

**Rohit Aggarwal**
Chief Executive Officer

**Nico Reiner**
Chief Financial Officer

**Christian Skilich**
Chief Pulp & Technology Officer

**Walter Bickel**
Chief Transformation Officer

CHAPTER

3/4

# CORPORATE GOVERNANCE REPORT

CONTENT

# Consolidated Corporate Governance Report

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

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

The Austrian Code of Corporate Governance applies through the voluntary commitment of companies to the corporate governance principles as amended.

## Declaration of Commitment to the ACCG

Lenzing AG respects the ACCG and, for the first time in 2010, committed itself to compliance with the documented provisions. The Supervisory Board also passed a unanimous resolution to adhere to the ACCG in full. The current version of the code is available on the Internet at https://www.corporate-governance.at. One focus of the 2023 Code revision was on sustainable corporate governance, taking ESG criteria into account. In addition, even greater emphasis was placed on transparency via the company's website.

Lenzing AG and its executives fulfil all binding L-rules ("Legal Requirements") and comply with all C-rules with one exception as described below.

C-Rule 27 of the ACCG is the only rule that is not fully complied with, as no non-financial criteria have been established in one board member´s contract.

The remuneration policy for the Managing Board generally applies to all board members. However, for the Chief Transformation Officer contract, the Supervisory Board decided to deviate from the policy to focus the variable compensation elements solely on financial KPIs (group performance and financing) and exclude non-financial KPIs. This reflects the temporary nature (until December 31st, 2025) of the CTO´s engagement in the Managing Board and should ensure full incentivization on his specific area of responsibility, namely the further development and implementation of Lenzing's performance program.

In accordance with L-Rule 60 of the ACCG, Lenzing AG is required to prepare and publish a Group Corporate Governance Report. The Group Corporate Governance Report of Lenzing AG also represents the Corporate Governance Report for the Lenzing Group.

This Corporate Governance Report is published on the website of Lenzing AG in accordance with C-Rule 61 of the ACCG at https://www.lenzing.com/investors/corporate-governance/evaluations-reports.

## The Corporate Bodies of Lenzing AG

## Dual management structure

The dual management structure of Lenzing AG as a listed stock corporation consists of a Managing Board and a Supervisory Board. Both bodies are strictly separated from each other in terms of personnel and functions and can therefore fulfil their different tasks independently. The Managing Board is responsible for independently managing the company, while the Supervisory Board is responsible for monitoring the decisions and actions taken by the Managing Board.

## Managing Board

At the end of the financial year 2024 the Managing Board consisted of four members: Rohit Aggarwal, Nico Reiner, Christian Skilich and Walter Bickel. During the financial year 2024 the following changes took place within the Managing Board: Stephan Sielaff withdraw from his position by mutual agreement while Walter Bickel and Rohit Aggarwal joined the Managing Board. The division of responsibilities among the members of Lenzing's Managing Board during the 2024 financial year was as follows:

**Rohit Aggarwal (m)[1]: (1967):**
- Chairman of the Managing Board, Chief Executive Officer (since September 1, 2024)
- First appointed: September 1, 2024
- Current term of office ends: August 31, 2027

**Responsibilities:** Commercial Fibers, Operations Fibers, Supply Chain, Corporate Communications & Investor Relations, Sustainability, Corporate Human Resources, Strategy and M&A

**Supervisory board functions at other companies:** None

**Management and monitoring functions at major subsidiaries:** None

**Nico Josef Alois Maria Reiner (m)[1]: (1969):**
- Member of the Managing Board, Chief Financial Officer
- First appointed: January 1, 2023
- Current term of office ends: December 31, 2025

**Responsibilities:** Corporate Controlling, Corporate Accounting, Corporate Tax, Corporate Treasury, Global Legal, IP & Compliance, Global IT / Digital Innovation, Corporate Audit & Risk

**Supervisory board functions at other companies:** None

**Management and monitoring functions at major subsidiaries:** None

**Christian Skilich (m)[1]: (1968):**

- Member of the Managing Board, Chief Pulp & Technology Officer
- First appointed: June 1, 2020
- Current term of office ends: May 31, 2026

**Responsibilities:** Commercial Pulp, Co-Products & Wood, Operations Pulp, Site Lenzing, Global Health, Safety & Environment, Global Purchasing, Global Innovation

**Supervisory board functions at other companies:** Labewood s.r.o. (since January 1, 2021), Stölzle Oberglas GmbH (since November 18, 2021)

**Management and monitoring functions at major subsidiaries:** LD Celulose S.A.

**Walter Bickel (m)[1]: (1959):**

- Member of the Managing Board, Chief Transformation Officer (since April 15, 2024)
- First appointed: April 15, 2024
- Current term of office ends: December 31, 2025

**Responsibilities:** Operations Service Group, Lenzing Business Service, Value Creation Program

**Supervisory board functions at other companies:** None

**Management and monitoring functions at major subsidiaries:** None

**Stephan Helmut Sielaff (m)[1]: (1966):**

- Chairman of the Managing Board, Chief Executive Officer (until August 31, 2024)
- First appointed: March 1, 2020

**Responsibilities (until August 31, 2024):** Commercial Fibers, Operations Fibers, Strategy and M&A, Corporate Human Resources, Corporate Communications, Investor Relations, Global Supply Chain, Global Purchasing

**Supervisory board functions at other companies:** None

**Management and monitoring functions at major subsidiaries:** None

Mr. Stephan Sielaff stepped down from the Managing Board with effect as of August 31, 2024.

The Managing Board directs the business operations of Lenzing AG in accordance with the applicable legal regulations, the articles of association, and the internal rules of procedure for the Managing Board. Business is allocated among the individual members of the Managing Board in accordance with a business distribution plan which is appended to the rules of procedure. The rules of procedure also regulate collaboration within the Managing Board. Furthermore, the Managing Board is required to comply in full with the L-rules of the Austrian Code of Corporate Governance.

[1] The members of the Managing Board do not belong to minorities; (m) stands for the gender "male"

## Supervisory Board

At the end of the 2024 financial year, the Supervisory Board consisted of a total of 14 members, nine of whom were shareholder representatives elected by the Annual General Meeting and five of whom were employee representatives delegated by the Works Council. According to the Articles of Association, the mandate of at least two members of the Supervisory Board expires each year at the end of the Annual General Meeting. The resulting staggered term of office of the shareholder representatives on the Supervisory Board enables a continuous exchange and adaptation of the Supervisory Board to possible changes in conditions through regular elections and ensures increased accountability. As shown in the tables below, there have been several changes in the Supervisory Board throughout the financial year 2024, partly as a result of the change in the shareholder structure in the course of the acquisition of a 15% share in Lenzing by Suzano S/A.

## Composition of the Supervisory Board[1]

| | Year of birth | First-time election to the Supervisory Board | Term of office | Supervisory Board functions at other companies |
|---|---|---|---|---|
| **Shareholder Representatives** | | | | |
| Thomas Cord Prinzhorn (m), MBA, Chairman[2] | 1972 | April 14, 2021; Since April 26, 2022, Chair | Until Annual General Meeting that passes resolutions relating to the 2024 financial year | Semperit AG (Chair), Prinzhorn Holding GmbH |
| Carlos Aníbal de Almeida Junior (m)[2]<br>1. Deputy Chair | 1969 | October 10, 2024 | Until Annual General Meeting that passes resolutions relating to the 2028 financial year | Fibria Celulose USA, Fibria Overseas Finance LTD |
| Dr. Stefan Fida (m), 2. Deputy Chair[2] | 1979 | April 17, 2019 | Until Annual General Meeting that passes resolutions relating to the 2024 financial year | Semperit AG Holding (Deputy Chair) |
| Helmut Bernkopf (m)[2,3] | 1967 | April 23, 2009 | Until Annual General Meeting that passes resolutions relating to the 2025 financial year | Oesterreichische Entwicklungsbank AG, OeKB CSD GmbH, Acredia Versicherung AG, OeKB EH Beteiligungs- und Management AG, Österreichische Hotel- und Tourismusbank GmbH |
| Markus Fürst (m)[2] | 1976 | April 14, 2021 (member until April 18, 2024, and again since October 10, 2024) | Until Annual General Meeting that passes resolutions relating to the 2028 financial year | None |
| Cornelius Baur (m)[2] | 1962 | April 18, 2024 | Until Annual General Meeting that passes resolutions relation to the 2028 financial year | CTS Eventim AG & Co. KGaA, Evonik Industries AG |
| Franz Gasselsberger (m)[2,3] | 1959 | April 24, 2013 | Until Annual General Meeting that passes resolutions relating to the 2027 financial year | Gasteiner Bergbahnen AG (Chair), Bank für Tirol und Vorarlberg Aktiengesellschaft, BKS Bank AG, Voestalpine AG |
| Gerhard Schwartz (m)[2] | 1965 | April 19, 2023 | Until Annual General Meeting that passes resolutions relating to the 2027 financial year | AMAG Austria Metall AG |
| Astrid Skala-Kuhmann (f)[2] | 1953 | April 19, 2012 | Until Annual General Meeting that passes resolutions relating to the 2025 financial year | B&C Industrieholding GmbH, B&C KB Holding GmbH |
| **Employee Representatives** | | | | Works council function |
| Johann Schernberger (m) | 1964 | 2001 | – | Chairman of the Group Works Council Austria and the Blue-Collar Works Council |
| Helmut Kirchmair (m) | 1968 | 2015 | – | Chairman of the Works Committee and Deputy Chairman of the Blue-Collar Works Council |
| Bonita Haag (f) | 1967 | 2023 | – | Member of the Blue-Collar Works Council |
| Stephan Gruber (m) | 1972 | 2023 | – | Chairman of the White-Collar Works Council and Deputy Chairman of the Group Works Council and the Works Committee |
| Stefan Ertl (m) | 1967 | 2024 | – | Member of the White-Collar Works Council |

[1]As of December 31, 2024
[2]Have declared their independence to the Supervisory Board in accordance with C Rule 53 of the Austrian Corporate Governance Code.
[3]No representation of a shareholder over 10% (C-Rule 54 of the Austrian Corporate Governance Code)
m = male / f = female

**Former members of the Supervisory Board (who left during the financial year 2024)**

| | Year of birth | First-time election to the Supervisory Board | Term of office |
|---|---|---|---|
| Shareholder Representatives | | | |
| Marcelo Feriozzi Bacci (m) | 1969 | October 10, 2024 | Marcelo Feriozzi Bacci stepped down from the Supervisory Board as of December 6, 2024 |
| Nicole van der Elst Desai (f) | 1976 | April 19, 2023 | Nicole van der Elst Desai stepped down from the Supervisory Board as of October 10, 2024 |
| Melody Harris-Jensbach (f) | 1961 | June 18, 2020 | Melody Harris-Jensbach stepped down from the Supervisory Board as of October 10, 2024 |
| Christian Bruch (m) | 1970 | April 17, 2019 | Christian Bruch stepped down from the Supervisory Board as of May 29, 2024 |
| Employee Representatives | | | |
| Georg Liftinger (m) | 1961 | 2008 | Georg Liftinger stepped down from the Supervisory Board as of April 18, 2024 |

m = male / f = female

# Independence

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

Accordingly, all members of the Supervisory Board have declared that they are independent of the company and its subsidiaries.

In accordance with C-Rule 54 of the ACCG, the Supervisory Board members Helmut Bernkopf, Christian Bruch, Franz Gasselsberger, Nicole van der Elst and Melody Harris-Jensbach declared that they were neither shareholders with an interest of more than ten percent in the company nor did they represent the interests of such shareholders during the 2024 financial year.

## Working procedures of the Supervisory Board

In order to fulfill its responsibility to monitor the work of the Managing Board, the Supervisory Board of Lenzing AG holds meetings at least once every quarter. Twelve Supervisory Board meetings were held during the reporting year (C-Rule 36). The Supervisory Board was informed by the Managing Board about business performance as well as major transactions and measures. The Supervisory Board supervised the work of the Managing Board and provided advice regarding significant strategic decisions. The main topics discussed at the meeting included trends in the business situation, the strategic development of the Group including ESG topics and M&A projects, the status of investment projects that had been implemented, measures to mitigate the negative effects of the current economic environment, analysis and discussion of market trends for fibers and pulp, discussion of the KPIs relevant for Lenzing and their trend over the coming years, (re-)financing topics and measures, objectives and progress of the performance program that had been launched, research and development, as well as the personnel composition of the Managing Board and the distribution of responsibilities.

The Supervisory Board of Lenzing AG appointed seven committees from among its members in the 2024 financial year (C-Rules 34 and 39 of the ACCG):

**Audit Committee**

The Audit Committee fulfills the responsibilities defined by Section 92 Para. 4a of the Austrian Stock Corporation Act (AktG). Accordingly, it is especially responsible for monitoring the financial accounting process and making recommendations or suggestions to ensure its reliability. This committee also oversees the effectiveness of the internal control system, of internal auditing, and of the risk management system. It supervises the audit of the separate and consolidated financial statements, examines and monitors the auditor's independence, and approves and controls non-audit services. The Audit Committee also examines the annual financial statements and prepares their approval by the full Supervisory Board, evaluates the Managing Board's proposal for the distribution of profits, the Management Report, and the Group Corporate Governance Report. The chair of the Audit Committee defines the reciprocal communication between the auditor and the Audit Committee (C-Rule 81a of the ACCG). The committee is required to report to the Supervisory Board on its activities. In the 2024 financial year, five meetings of the Audit Committee were held. Reports from the Managing Board, the auditor, the compliance, internal audit, and risk management departments were discussed, as well as the financial accounting processes and the internal control system. In addition, the auditor's independence was monitored. The refinancing of the Brazilian joint venture LDC was discussed and monitored as a special focus topic in 2024.

**Nomination Committee**

The Supervisory Board has formed a Nomination Committee. This committee makes recommendations to the Supervisory Board for appointments to fill vacant positions on the Managing Board and deals with issues related to succession planning. Recommendations are also made to the Annual General Meeting for appointments to the Supervisory Board. In the 2024 financial year, five meetings of the Nomination Committee were held. These dealt in particular with issues of succession planning for the Managing Board, succession planning for the Supervisory Board, and talent management.

**Remuneration Committee**

The Supervisory Board has formed a Remuneration Committee. It deals with the terms and conditions of the employment contracts with the members of the Managing Board and ensures compliance with C-Rules 27, 27a and 28 of the ACCG. In addition, the Remuneration Committee is responsible for preparing and reviewing the remuneration policy for the Managing Board members and Supervisory Board members, and for controlling the implementation of the remuneration policy for Managing Board members. The Remuneration Committee held eight meetings in the 2024 financial year, which dealt in particular with the Managing Board evaluation, target agreements, ensuring appropriate remuneration for Managing Board members in the challenging 2024 year, as well as the arrangement, adjustment or termination of employment contracts with Managing Board members.

### Committee for Urgent Matters

The Supervisory Board has formed a committee to deal with urgent matters. It is authorized to make decisions in particularly urgent cases relating to transactions that require Supervisory Board approval. No meeting was held in the 2024 financial year.

### Strategy, Growth and Innovation Committee

The Supervisory Board has formed a Strategy, Growth and Innovation Committee. This committee deals with reviewing the company's strategic positioning, the monitoring of strategy implementation, as well as growth and innovation projects. In 2024, the committee primarily dealt with issues relating to strategic positioning within the competitive environment, measures to optimize the commercial organization, and M&A projects. Two meetings were held in the 2024 financial year.

### ESG Committee

The Supervisory Board has formed an ESG Committee. This committee is intended to support the Managing Board, the full Supervisory Board, the Audit Committee and the Strategy, Growth and Innovation Committee in matters relating to non-financial reporting and strategic ESG issues. Three meetings were held in the 2024 financial year. This paragraph also fulfils the ESRS disclosure requirements of ESRS 2 GOV-1 paragraphs 22 b and 22 c i.

### Value Creation Committee

The Supervisory Board of Lenzing AG established the Value Creation Committee in 2023 and continued in 2024 to monitor the design and implementation of the holistic performance enhancement program initiated by the Managing Board. Four meetings were held in the 2024 financial year.

The following table shows the composition of the Committees of the Lenzing Supervisory Board during the financial year 2024:

**Composition of the Lenzing Supervisory Board Committees**

| Committee | Members during the 2024 financial year |
|---|---|
| Audit Committee | Gerhard Schwartz (Chair, Financial Expert), Thomas Cord Prinzhorn, Franz Gasselsberger, Cornelius Baur (since April 18, 2024), Markus Fürst (until April 18, 2024 and since October 10, 2024), Carlos Aníbal de Almeida Junior (since December 9, 2024), Marcelo Feriozzi Bacci (from October 10, 2024 until December 6, 2024), Johann Schernberger, Stephan Gruber, Helmut Kirchmair (since October 10, 2024) |
| Nomination Committee | Thomas Cord Prinzhorn (Chair), Astrid Skala-Kuhmann, Stefan Fida, Carlos Aníbal de Almeida Junior (since October 10, 2024), Gerhard Schwartz (from April 18, 2024 until October 10, 2024), Markus Fürst (until April 18, 2024), Johann Schernberger, Stephan Gruber (since April 18, 2024) Georg Liftinger (until April 18, 2024) |
| Remuneration Committee | Thomas Cord Prinzhorn (Chair), Stefan Fida, Carlos Aníbal de Almeida Junior (since October 10, 2024) |
| Committee for Urgent Matters | Thomas Cord Prinzhorn (Chair), Gerhard Schwartz (since April 18, 2024), Stefan Fida (since October 10, 2024), Carlos Aníbal de Almeida Junior (since December 9, 2024), Marcelo Feriozzi Bacci (from October 10, 2024 until December 6, 2024), Markus Fürst (until April 18, 2024), Johann Schernberger, Stephan Gruber (since October 10, 2024) |
| Strategy, Growth and Innovation Committee | Thomas Cord Prinzhorn (Chair), Astrid Skala-Kuhmann, Cornelius Baur (since April 18, 2024), Carlos Aníbal de Almeida Junior (since October 10, 2024), Gerhard Schwartz (from April 18, 2024 until October 10, 2024), Melody Harris-Jensbach (until October 10, 2024), Nicole van der Elst Desai (until October 10, 2024), Christian Bruch (until May 29, 2024), Markus Fürst (until April 18, 2024), Helmut Kirchmair, Stephan Gruber (since April 18, 2024), Johann Schernberger (until October 10, 2024), Georg Liftinger (until April 18, 2024) |
| ESG Committee | Thomas Cord Prinzhorn (Chair), Gerhard Schwartz, Astrid Skala-Kuhmann, Carlos Aníbal de Almeida Junior (since December 9, 2024), Marcelo Feriozzi Bacci (from October 10, 2024 until December 6, 2024), Nicole van der Elst Desai (until October 10, 2024), Stefan Ertl (since October 10, 2024), Stephan Gruber (until October 10, 2024), Helmut Kirchmair (since April 18, 2024), Johann Schernberger (until April 18, 2024) |
| Value Creation Committee | Cornelius Baur (Chair since April 18, 2024), Thomas Cord Prinzhorn (Chair until April 18, 2024; since April 18, 2024 regular member), Stefan Fida, Carlos Aníbal de Almeida Junior (since October 10, 2024), Gerhard Schwartz (until October 10, 2024), Markus Fürst (until April 18, 2024), Helmut Kirchmair, Stephan Gruber (since April 18, 2024), Georg Liftinger (until April 18, 2024) |

### Cooperation between the Managing and Supervisory boards

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

### Self-evaluation by the Supervisory Board

The Supervisory board conducted its last self-evaluation in accordance with C Rule 36 of the Austrian Code of Corporate Governance in the 2023 financial year. The self-evaluation included a questionnaire, personal interviews, and a workshop with external moderation. More details can be found in the Corporate Governance Report for the 2023 financial year. Due to the recent changes in the Supervisory board composition, following the acquisition of a minority stake in Lenzing by Suzano, the Supervisory board decided to conduct the next comprehensive evaluation in accordance with C Rule 36 of the Austrian Code of Corporate Governance during the 2025 financial year. In addition, the Supervisory Board ensures constant feedback loops between its members and together with the Managing board, to consistently enhance the effectiveness and efficiency of all governance processes.

## Remuneration of the Managing Board and the Supervisory Board

The general information on the remuneration of the Managing Board and Supervisory Board is not included in this Corporate Governance Report. In this regard, please refer to the remuneration policy and the separate remuneration report. Both documents are published on the company's website (https://www.lenzing.com/investors).

## Advancement of women on the Managing and Supervisory boards and in key management positions (L-Rule 60 ACCG)

Lenzing endeavors to foster a diverse and inclusive environment where people feel a sense of belonging and are able to perform successfully, regardless of characteristics such as gender, marital status, ethnicity, skin color, citizenship, national origin, disability, sexual orientation, religion/belief, age, or other characteristics. To this end, a global policy for equal opportunities, diversity and inclusion (EDI) was launched in 2023 and revised in 2024 with explanatory videos in all seven languages of our production sites. Core teams of the global Employee Resource Groups (ERGs) Women@Lenzing and Multicultural@Lenzing, consisting of committed and interested employees, are now in the process of identifying obstacles to diversity and measures to promote greater inclusivity. Further ERGs are being planned.

The company's Supervisory Board includes the following female members: Dr. Astrid Skala-Kuhmann and Bonita Haag. The following positions are held by women: Executive Vice President Commercial Nonwovens, Senior Director Global Product & Application Management, Senior Director Global HR BP Commercial, Senior Director Commercial Affairs Biorefinery & Co-Products, Site Director Operations Pulp Paskov, Director Global Application Center Management, Head of Textile Sourcing & Cooperations; Vice President Filament, Senior Director Global HR BP Finance & Corporate Functions, Director Global Commercial Operations, Senior Director Controlling NW, Senior Director Corporate Audit & Risk Management.

"Modern working conditions" are defined as a focus in the strategic HR orientation. Among other issues, work-life balance represents a key issue in this context. This is implemented according to location and country-specific needs.

## Diversity concept

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

## External evaluation

In accordance with C-Rule 62 of the ACCG, Lenzing must arrange for an external institution to evaluate its compliance with the code's C-Rules on a regular basis, albeit at least every three years. Lenzing commissioned PWC Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to evaluate its Group Corporate Governance Report for 2024.

Based on PWC's audit procedures and the evidence provided, no matters have come to the auditor's attention that would lead to presume that

- the C-Rules of the Austrian Code of Corporate Governance were not complied with in the 2024 financial year or the corporate governance report does not contain an explanation of the points and reasons for deviation (Section 243c (1) no. 3 UGB), and
- the consolidated Corporate Governance Report 2024 does not comply in material respects with the legal requirements with the statutory provisions (Section 243c UGB and Section 267b UGB).

All external evaluation reports are published on the company's website at https://www.lenzing.com.

## Risk management and Corporate Audit

The effectiveness of Lenzing's risk management system during the reporting year was evaluated by KPMG Austria GmbH, in accordance with C-Rule 83 of the ACCG and the Managing Board was informed of the results. No findings emerged. The Managing Board was informed of the result of the audit. In addition, the Head of Risk Management reports regularly on current risks at the Audit Committee meetings.

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

## Directors' Dealings

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

## Compliance

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

Lenzing, March 4, 2025
**Lenzing Aktiengesellschaft**

The Managing Board

**Rohit Aggarwal**
Chief Executive Officer

**Nico Reiner**
Chief Financial Officer

**Christian Skilich**
Chief Pulp & Technology Officer
Officer

**Walter Bickel**
Chief Transformation Officer

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# CONSOLIDATED FINANCIAL STATEMENTS

# 2024

CONTENT

# Content notes

Lenzing AG

# Consolidated Income Statement

**for the period from January 1 to December 31, 2024**

EUR '000

| | Note | 2024 | 2023 |
|---|---|---|---|
| Revenue | (5) | 2,663,898 | 2,521,167 |
| Cost of sales | (6) | (2,155,843) | (2,597,638) |
| **Gross profit** | | **508,055** | **(76,471)** |
| Other operating income | (7) | 61,770 | 108,653 |
| Selling expenses | (6) | (300,501) | (274,874) |
| Administrative expenses | (6) | (146,715) | (144,678) |
| Research and development expenses | (6) | (29,156) | (69,076) |
| Other operating expenses | (7) | (4,949) | (19,982) |
| **Earnings before interest and tax (EBIT)[1]** | | **88,503** | **(476,428)** |
| Income from investments accounted for using the equity method | (12) | 0 | 6,728 |
| Income from non-current and current financial assets and liabilities | (13) | 33,830 | (7,498) |
| Financing costs | (14) | (164,339) | (108,432) |
| **Financial result** | | **(130,508)** | **(109,202)** |
| **Earnings before tax (EBT)** | | **(42,005)** | **(585,630)** |
| Income tax expense | (15) | (96,273) | (7,322) |
| **Net profit/loss after tax** | | **(138,278)** | **(592,953)** |
| **Attributable to:** | | | |
| Shareholders of Lenzing AG | | (156,601) | (649,445) |
| Non-controlling interests | | (10,427) | 27,742 |
| Share planned for hybrid capital owners | (16) | 28,750 | 28,750 |
| **Earnings per share** | | EUR | EUR |
| Diluted = basic | (16) | (4.06) | (20.02) |

1) EBIT: Operating result, resp. earnings before interest and tax.

# Consolidated Statement of Comprehensive Income

**for the period from January 1 to December 31, 2024**

EUR '000

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Net profit/loss after tax** | | **(138,278)** | **(592,953)** |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit liability | (30) | (2,805) | (4,384) |
| Financial assets measured at fair value through other comprehensive income (equity instruments) – net fair value gain/loss on remeasurement recognized during the period | (26) | (334) | (3,412) |
| Income tax relating to these components of other comprehensive income | (26) | (9,359) | 1,770 |
| Investments accounted for using the equity method - share of other comprehensive income (net of tax) | (21) | (36) | 27 |
| | | **(12,534)** | **(6,000)** |
| **Items that may be reclassified to profit or loss** | | | |
| Foreign operations – foreign currency translation differences arising during the period | (26) | 58,022 | (44,988) |
| Foreign operations - reclassification of foreign currency translation differences due to loss of control | | 0 | 154 |
| Cash flow hedges – effective portion of changes in fair value recognized during the period and non-designated components | (35) | (17,960) | (516) |
| Cash flow hedges – reclassification to profit or loss | (35) | (17,712) | (24,142) |
| Income tax relating to these components of other comprehensive income | (26) | 13,516 | 8,476 |
| Investments accounted for using the equity method - share of other comprehensive income (net of tax) | (26) | (2,696) | 488 |
| | | **33,170** | **(60,528)** |
| **Other comprehensive income (net of tax)** | | **20,637** | **(66,527)** |
| **Total comprehensive income** | | **(117,642)** | **(659,480)** |
| **Attributable to:** | | | |
| Shareholders of Lenzing AG | | (141,665) | (704,620) |
| Non-controlling interests | | (4,727) | 16,389 |
| Share planned for hybrid capital owners | | 28,750 | 28,750 |

Lenzing AG

# Consolidated Statement of Financial Position

**as at December 31, 2024**

EUR '000

| Assets | Note | 31/12/2024 | 31/12/2023 |
|---|---|---|---|
| Intangible assets | (17) | 23,835 | 26,728 |
| Property, plant and equipment | (18) | 2,870,931 | 2,865,713 |
| Biological assets | (19) | 192,217 | 194,759 |
| Right-of-use assets | (20) | 139,333 | 134,547 |
| Investments accounted for using the equity method | (21) | 24,954 | 31,045 |
| Other investments | (22) | 37,106 | 21,037 |
| Deferred tax assets | (29) | 4,331 | 48,559 |
| Current tax assets | (29) | 16,861 | 16,181 |
| Other financial assets | (25) | 1,409 | 26,580 |
| Other non-financial assets | (25) | 57,389 | 48,897 |
| Non-current assets | | 3,368,365 | 3,414,046 |
| Inventories | (23) | 646,235 | 552,940 |
| Trade receivables | (24) | 318,182 | 294,480 |
| Current tax assets | (29) | 2,654 | 5,668 |
| Other financial assets | (25) | 26,786 | 35,448 |
| Other non-financial assets | (25) | 160,962 | 167,621 |
| Other investments | (22) | 11,301 | 18,721 |
| Cash and cash equivalents | (33) | 442,297 | 725,639 |
| Current assets | | 1,608,417 | 1,800,516 |
| **Total assets** | | **4,976,782** | **5,214,563** |

| Equity and liabilities | Note | 31/12/2024 | 31/12/2023 |
|---|---|---|---|
| Share capital | | 40,108 | 40,108 |
| Capital reserves | | 513,455 | 513,455 |
| Hybrid capital | | 496,582 | 496,582 |
| Other reserves | | 42,321 | 29,961 |
| Retained earnings | | 217,361 | 360,281 |
| Equity attributable to shareholders of Lenzing AG | | 1,309,826 | 1,440,386 |
| Non-controlling interests | | 342,175 | 301,779 |
| Equity | (26) | 1,652,001 | 1,742,165 |
| Loans and borrowings | (28) | 1,828,545 | 1,906,702 |
| Government grants | (27) | 12,110 | 14,117 |
| Current tax liabilities | (29) | 0 | 48,001 |
| Deferred tax liabilities | (29) | 74,602 | 40,098 |
| Provisions | (30) | 82,976 | 89,091 |
| Puttable non-controlling interests | (35) | 230,954 | 249,418 |
| Other financial liabilities | (32) | 5,254 | 8,434 |
| Other non-financial liabilities | (32) | 4,542 | 5,125 |
| Non-current liabilities | | 2,238,983 | 2,360,988 |
| Loans and borrowings | (28) | 279,449 | 528,992 |
| Trade payables | (31) | 386,383 | 296,322 |
| Government grants | (27) | 83,513 | 72,127 |
| Current tax liabilities | (29) | 16,011 | 32,125 |
| Provisions | (30) | 28,520 | 52,599 |
| Other financial liabilities | (32) | 161,115 | 66,769 |
| Other non-financial liabilities | (32) | 130,806 | 62,476 |
| Current liabilities | | 1,085,797 | 1,111,409 |
| **Total equity and liabilities** | | **4,976,782** | **5,214,563** |

# Consolidated Statement of Changes in Equity

## for the period from January 1 to December 31, 2024

| | | Equity attributable to shareholders of Lenzing AG and to hybrid capital owners | | | | | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital | Capital reserves | Hybrid capital | Other reserves[1] | Retained earnings | Total | Non-controlling interests | Equity |
| As at 01/01/2023 | | 27,574 | 133,919 | 496,582 | 90,161 | 991,702 | 1,739,938 | 285,957 | 2,025,895 |
| Net profit/loss after tax as per consolidated income statement | | 0 | 0 | 0 | 0 | (620,695) | (620,695) | 27,742 | (592,953) |
| Other comprehensive income (net of tax) | | 0 | 0 | 0 | (55,175) | 0 | (55,175) | (11,353) | (66,527) |
| Total comprehensive income | | 0 | 0 | 0 | (55,175) | (620,695) | (675,870) | 16,389 | (659,480) |
| Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory | | 0 | 0 | 0 | (2,420) | 0 | (2,420) | (1,597) | (4,017) |
| Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings | (35) | 0 | 0 | 0 | (2,605) | 2,605 | 0 | 0 | 0 |
| Increase in capital | (26) | 12,534 | 379,536 | 0 | 0 | 0 | 392,069 | 0 | 392,069 |
| Acquisition/disposal of non-controlling interests and other changes | (3,27) | 0 | 0 | 0 | 0 | (1,248) | (1,248) | 1,280 | 31 |
| Measurement of puttable non-controlling interest recognized directly in equity | (35) | 0 | 0 | 0 | 0 | 16,667 | 16,667 | 0 | 16,667 |
| Dividends paid (including hybrid coupon) | (26) | 0 | 0 | 0 | 0 | (28,750) | (28,750) | (250) | (29,000) |
| Transactions with equity holders | | 12,534 | 379,536 | 0 | 0 | (13,331) | 378,738 | 1,030 | 379,768 |
| As at 31/12/2023 = 01/01/2024 | | 40,108 | 513,455 | 496,582 | 29,961 | 360,281 | 1,440,386 | 301,779 | 1,742,165 |
| Net profit/loss after tax as per consolidated income statement | | 0 | 0 | 0 | 0 | (127,851) | (127,851) | (10,427) | (138,278) |
| Other comprehensive income (net of tax) | | 0 | 0 | 0 | 14,936 | 0 | 14,936 | 5,701 | 20,637 |
| Total comprehensive income | | 0 | 0 | 0 | 14,936 | (127,851) | (112,915) | (4,727) | (117,642) |
| Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory | | 0 | 0 | 0 | 1,466 | 0 | 1,466 | 1,535 | 3,001 |
| Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings | (35) | 0 | 0 | 0 | (4,042) | 4,042 | 0 | 0 | 0 |
| Increase in capital | (26) | 0 | 0 | 0 | 0 | 0 | 0 | 34,912 | 34,912 |
| Acquisition/disposal of non-controlling interests and other changes | (3,26) | 0 | 0 | 0 | 0 | (8,825) | (8,825) | 8,825 | 0 |
| Measurement of puttable non-controlling interest recognized directly in equity | (35) | 0 | 0 | 0 | 0 | 18,464 | 18,464 | 0 | 18,464 |
| Dividends paid (including hybrid coupon) | (26) | 0 | 0 | 0 | 0 | (28,750) | (28,750) | (150) | (28,900) |
| Transactions with equity holders | | 0 | 0 | 0 | 0 | (19,111) | (19,111) | 43,587 | 24,476 |
| **As at 31/12/2024** | **(26)** | **40,108** | **513,455** | **496,582** | **42,321** | **217,361** | **1,309,826** | **342,175** | **1,652,001** |

1) Details of the other reserves are presented in Note 26.

Lenzing AG

# Consolidated Statement of Cash Flows

**for the period from January 1 to December 31, 2024**

EUR '000

| | | Note | 2024 | 2023 |
|---|---|---|---|---|
| **Net profit/loss after tax** | | | **(138,278)** | **(592,953)** |
| + | Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets | (10) | 308,764 | 781,771 |
| +/– | Change in the fair value of biological assets | (19) | (32,199) | (80,102) |
| – | Income from the release of investment grants | | (1,841) | (2,025) |
| +/– | Change in non-current provisions | | (11,251) | (2,050) |
| –/+ | Income / expense from deferred taxes | | 79,651 | (62,895) |
| +/– | Change in current tax assets and liabilities | | (60,972) | 50,236 |
| +/– | Income from investments accounted for using the equity method | | 3,360 | (4,048) |
| –/+ | Other non-cash income / expenses | (33) | (6,800) | 553 |
| **Gross cash flow** | | | **140,434** | **88,488** |
| +/– | Change in inventories | | (39,567) | 178,245 |
| +/– | Change in receivables | | 29,823 | 34,751 |
| +/– | Change in liabilities | | 191,813 | (141,160) |
| **Change in working capital** | | | **182,069** | **71,836** |
| **Cash flow from operating activities** | | | **322,503** | **160,323** |
| – | Acquisition of intangible assets, property, plant and equipment and biological assets | | (156,335) | (267,834) |
| – | Acquisition of corporate units | (3) | 0 | (15,731) |
| – | Acquisition/disbursement of other investments and investments accounted for using the equity method | | (37,065) | (14,225) |
| + | Proceeds from the sale of intangible assets, property, plant and equipment and biological assets | | 880 | 436 |
| + | Proceeds from the sale/repayment of other investments and the sale of investments accounted for using the equity method | | 7,548 | 5,846 |
| **Cash flow from investing activities** | | | **(184,971)** | **(291,509)** |
| + | Cash proceeds from issuing shares | (26) | 0 | 392,069 |
| + | Capital injections to consolidated companies by non-controlling interests | | 34,912 | 0 |
| – | Dividends paid (including hybrid coupon) | (26) | (28,900) | (29,000) |
| + | Investment grants | | 2,408 | 1,616 |
| + | Increase of bonds and private placements | (33) | 581,763 | 0 |
| + | Increase in other loans and borrowings | (33) | 309,441 | 226,640 |
| – | Repayment of bonds and private placements | (33) | (236,431) | 0 |
| – | Repayment of other loans and borrowings | (33) | (1,093,159) | (170,232) |
| **Cash flow from financing activities** | | | **(429,965)** | **421,094** |
| **Total change in liquid funds** | | | **(292,433)** | **289,908** |
| Liquid funds at the beginning of the year | | | 725,639 | 446,873 |
| Currency translation adjustment relating to liquid funds | | | 9,091 | (11,142) |
| **Liquid funds at the end of the year** | | | **442,297** | **725,639** |
| **Additional information on payments in the cash flow from operating activities:** | | | | |
| Interest payments received | | | 24,081 | 15,262 |
| Interest payments made | | | 106,842 | 120,409 |
| Income taxes paid | | | 79,232 | 15,770 |
| Distributions received from investments accounted for using the equity method | | | 3,360 | 2,680 |

# Notes to the Consolidated Financial Statements

**as at December 31, 2024**

# General information

## Note 1. Basic information

### Description of the company and its business activities

Lenzing Aktiengesellschaft (Lenzing AG), which maintains its registered headquarters in 4860 Lenzing, Werkstrasse 2, Austria, is the parent company of the Lenzing Group (the "Group"). The shares of Lenzing AG are listed in the Prime Market Segment (since April 18, 2011) and in the ATX benchmark index (since September 19, 2011) of the Vienna Stock Exchange in Vienna, Austria.

As at December 31, 2024, Lenzing AG is controlled by the B&C Group, which directly and indirectly holds an interest of around 37.25 percent (December 31, 2023: around 52.25 percent) in the share capital of Lenzing AG. B&C KB Holding GmbH, Vienna, B&C Alpha Zweite Holding GmbH & Co KG, Vienna, and B&C Ares Holding GmbH, Vienna, hold direct interests in Lenzing AG. The next-higher parent company, which prepares and publishes consolidated financial statements that include the Lenzing Group, is B&C Holding Österreich GmbH, Vienna, Austria. The ultimate parent company of the B&C Group, and therefore also of Lenzing AG, is B&C Privatstiftung, Vienna.

On June 12, 2024, Suzano S.A. acquired a 15 percent interest in Lenzing AG from the B&C Group subject to a condition precedent. The transaction was closed on August 30, 2024. According to the syndicate agreement between the B&C Group and Suzano S.A., which also became effective on August 30, 2024, the B&C Group retains sole control of Lenzing AG.

The core business of the Lenzing Group is the production and marketing of regenerated cellulosic fibers. The pulp required for production is manufactured for the most part in the Group's own plants and is supplemented by external purchases.

### Basis of Reporting

The consolidated financial statements for the period from January 1 to December 31, 2024 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations which were endorsed in the EU and required mandatory application as of the reporting date. The additional requirements of Section 245a Para. 1 of the Austrian Commercial Code ("Unternehmensgesetzbuch") were also met.

The reporting currency is the euro (EUR), which is also the functional currency of Lenzing AG. The functional currency of the majority of the subsidiaries is the euro (EUR) or US-Dollar (USD). The figures shown in these consolidated financial statements and notes were rounded to the next thousand, unless indicated otherwise ("EUR '000"). The use of automatic data processing tools can lead to rounding differences in the addition of rounded amounts and percentage rates.

### Measurement

Assets and liabilities are principally measured at amortized or depreciated cost. In contrast, other measurement methods are used for the following material positions:

- Biological assets are measured at their fair value.
- Provisions are measured at the present value of the expected settlement amount.
- Deferred tax assets and deferred tax liabilities are recognized at their nominal value. They are measured on the basis of the temporary differences existing as at the reporting date and the effective tax rate expected when the differences are realized.
- Derivative financial instruments and financial assets measured through profit or loss and through other comprehensive income are measured at their fair value.
- Puttable non-controlling interests are measured at fair value directly through retained earnings.

### Estimation uncertainty and judgments

The Managing Board of Lenzing AG uses estimates, assumptions and judgments in preparing the IFRS consolidated financial statements. These estimates, assumptions and judgments are based on the circumstances as at the reporting date and have to some extent a significant effect on the presentation of the Group's financial position and financial performance. They involve the recognition and measurement of assets and liabilities, contingent receivables and liabilities, the reporting of cash flows and income and expenses (including other comprehensive income) as well as the presentation of disclosures in the notes.

## Assumptions and estimates

The following forward-looking assumptions and other major sources of estimation uncertainty as of the reporting date have a significant effect on these consolidated financial statements of the Lenzing Group:

- Intangible assets, property, plant and equipment and right-of-use assets (see note 10): determination of the recoverable amount in connection with impairment testing as defined in IAS 36 (impairment).
- Biological assets (see note 19): determination of fair value less costs to sell.
- Financial instruments (see note 35 and note 37): determination of fair values and expected credit losses.
- Provisions (see note 30): determination of the expected settlement amount and the net liability of the defined benefit pension and severance payment plans.
- Puttable non-controlling interests (see note 35): determination of fair value.
- Deferred taxes and receivables from current taxes (see note 29): assessment of the extent to which deferred tax assets (in particular, from loss carryforwards) can be utilized and assessment of the recoverability of receivables from current taxes.

Assumptions and estimates are based on experience and other factors that are considered relevant by the Managing Board. However, the amounts actually realized can deviate from these assumptions and estimates if general conditions develop in a different way than the expectations at the reporting date.

## Judgments when applying accounting policies

The application of accounting policies by the Lenzing Group included the following major judgments that have a material effect on these consolidated financial statements:

- Receivables under factoring agreements (see note 35, section "Transfer of financial assets (sale of receivables/factoring)"): assessment of the requirements for derecognition as defined in IFRS 9.
- Liabilities under reverse factoring agreements (see note 31 and note 32): assessment of the requirements for derecognition as defined in IFRS 9 (financial instruments) and presentation in the statement of financial position and in the cash flow statement.
- Full consolidation and equity method (see note 3, note 35 and note 41): assessment of the existence of control over subsidiaries and assessment of the existence of joint control or significant influence. Application of the present access method to puttable non-controlling interests.
- Evidence of impairment (see note 10): evaluation of indications of impairment resp. for impaired cash-generating units evaluation of the occurrence of material changes in comparison with the previous year.

## Impact of climate change on estimation uncertainties and judgments

The Lenzing Group is committed to the ecologically responsible production of fibers from the renewable raw material wood. Innovation, sustainability and the circular economy lie at the core of Lenzing's corporate strategy. The implementation of climate targets in line with the corporate strategy was one of the focus areas of the Lenzing Group's investment activities in the 2024 financial year. In this context, the Lenzing Group is continuously working on utilizing raw materials more efficiently, improving production processes and making recycled used textiles usable for fiber production. Current developments and measures relating to climate change and sustainability do not lead to fundamental changes to assumptions and estimates in terms of financial accounting. The Managing Board estimates the potential impact of climate-related opportunities and risks on the IFRS consolidated financial statements as follows:

- Useful lives of assets (see note 18): The Lenzing Group has evaluated the extent to which the useful lives of property, plant and equipment could be affected by climate-related risks. In particular, an assessment was made as to whether, on the basis of existing and announced legal and regulatory requirements, the potential pollution from individual industrial plants (for example, by exceeding emission limits) poses a risk for the granting of operating permits. No influence of external or internal obligations on useful lives was derived.
- Impairment of assets (see note 10, section "Impairment tests of intangible assets, property, plant and equipment, right-of-use assets and cash-generating units (CGUs)"): The short- and medium-term financial planning and consequently the impairment tests are based on the Lenzing Group's sustainable strategy and the sustainable business model. The short- and medium-term financial plans of the individual CGUs take appropriate account of assumptions regarding climate-related factors in capital expenditure programs (CAPEX), technologies and production processes for achieving the Group's internal climate targets, and the ecologically sustainable product mix based upon these.
- Provisions and contingent liabilities (see note 30 und note 40): In the 2024 financial year, no new obligations arose in the Lenzing Group from climate protection laws and/or climate regulations that would have required the formation of a provision or the disclosure of a contingent liability. No obligations exist to recultivate existing properties.
- Biological assets (see note 19): The measurement of the biological asset requires assumptions relating to the growth rates of mature timber. The growth rates are in turn dependent on the climatic conditions in the Minas Gerais region of Brazil. Climate change may lead to changes in the growth behavior of mature timber (e.g. accelerated or slowed growth), and thereby to the adjustment of growth assumptions in the valuation of the biological asset.

# Note 2. Changes in accounting policies

The accounting policies applied by the Lenzing Group in 2024 remained unchanged in comparison with the previous financial year, with the exception of the changes described in this section.

## Mandatory changes in accounting policies

The following new and amended standards and interpretations were adopted into EU law and required mandatory application by the Lenzing Group beginning with the 2024 financial year:

| Standards/interpretations | | Publication by the IASB | Mandatory application according to IASB for financial years from | Adopted by the EU as at 31/12/2024 |
|---|---|---|---|---|
| IFRS 16 | Lease Liability in a Sale and Leaseback | 22/09/2022 | 01/01/2024 | yes |
| IAS 1 | Classification of liabilities as current or non-current | 23/01/2020 | 01/01/2024 | yes |
| IAS 1 | Classification of debt with covenants as current or non-current | 31/10/2022 | 01/01/2024 | yes |
| IAS 7, IFRS 7 | Disclosures on Supplier Finance Arrangements | 25/05/2023 | 01/01/2024 | yes |

The new or amended standards and interpretations of IAS 1, IAS 7, and IFRS 7, which are to be applied from January 1, 2024, were implemented in these consolidated financial statements in notes 31, 32, and 37. Otherwise, the new or amended standards and interpretations do not lead to any material changes to the Lenzing Group's financial statements.

The following new or amended standards and interpretations had been published by the IASB prior to the preparation of these consolidated financial statements, but did not require mandatory application by the Lenzing Group for financial years beginning on or before January 1, 2024:

| Standards/interpretations | | Publication by the IASB | Mandatory application according to IASB for financial years from | Adopted by the EU as at 31/12/2024 |
|---|---|---|---|---|
| IFRS 10, IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | 11/09/2014 | unknown[1] | no |
| IFRS 14 | Regulatory Deferral Accounts | 30/01/2014 | 01/01/2016 | no[2] |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability | 15/08/2023 | 01/01/2025 | yes |
| IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments | 30/05/2024 | 01/01/2026 | no |
| IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity | 18/12/2024 | 01/01/2026 | no |
| Various | Annual Improvements to IFRS 2021-2023 | 18/07/2024 | 01/01/2026 | no |
| IFRS 18 | Presentation and Disclosures in Financial Statements | 09/04/2024 | 01/01/2027 | no |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 09/05/2024 | 01/01/2027 | no |

1) The IASB has deferred the effective date of this standard indefinitely.
2) The European Commission does not recommend the adoption of interim standard IFRS 14 into EU law at the present time.

The other aforementioned new or amended standards and interpretations were not adopted early by the Lenzing Group.

The Lenzing Group is currently evaluating the potential impact of the new standard IFRS 18 (Presentation and Disclosure in Financial Statements), particularly in relation to the structure of the consolidated income statement, the statement of cash flows, and the additional disclosure requirements for management-defined performance measures (MPMs). Furthermore, the impact on the way information is grouped in the financial statements, including items currently referred to as "other", are reviewed.

The other new or amended standards and interpretations mentioned above are either not relevant for the Group or have no material impact on the Lenzing Group's results, assets, liabilities, or statement of cash flows.

The application of these standards and interpretations is generally planned following their endorsement by the EU.

## Voluntary changes in accounting policies

No voluntary changes to accounting policies were applied in the 2024 and 2023 financial years.

# Note 3. Consolidation

## Scope of consolidation

The consolidated financial statements of the Lenzing Group include Lenzing AG, as the parent company, and its subsidiaries, all on the basis of financial statements as at December 31, 2024.

The number of companies included in the scope of consolidation developed as follows:

**Development of the number of consolidated companies (incl. parent company)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Full-consolidation | Equity | Full-consolidation | Equity |
| **As at 01/01** | **28** | **7** | **27** | **7** |
| Included in consolidation for the first time during the year | 3 | 0 | 2 | 0 |
| Merged during the year | 0 | 0 | 0 | 0 |
| Deconsolidated during the year | 0 | 0 | (1) | 0 |
| **As at 31/12** | **31** | **7** | **28** | **7** |
| Thereof in Austria | 8 | 3 | 7 | 3 |
| Thereof abroad | 23 | 4 | 21 | 4 |

A list of the group companies as at December 31, 2024 is provided in note 41. The most important group companies produce, and market regenerated cellulosic fibers (Segment Division Fiber) and, in some cases, pulp (Segment Division Pulp).

In January 2024, the subsidiary Lenzing Business Services s.r.o., Paskov, Czech Republic, was founded and included in the scope of consolidation.

In March 2024, the subsidiary Lenzing France SARL, Paris, France, was founded and included in the scope of consolidation.

In September 2024, the subsidiary LD Celulose International GmbH, Vienna, Austria, was founded and included in the scope of consolidation.

The previously fully consolidated subsidiary Lenzing E-commerce (Shanghai) Co, Ltd, Shanghai, China, was liquidated and deconsolidated in March 2023.

With effect as at June 1, 2023, the Lenzing Group acquired a biomass power plant to supply the Heiligenkreuz production site. This strategic investment reduces dependence on fossil fuels and strengthens the Heiligenkreuz site as an industrial location. With the acquisition of this biomass power plant, the Lenzing Group is accelerating its transition to renewable energies and thereby also speeds up the achievement of its climate targets in accordance with its sustainability strategy.

| Fair value of the acquired assets and liabilities at the acquisition date | EUR '000 |
|---|---|
| Intangible assets, property, plant and equipment, right-of-use assets | 18,053 |
| Inventories | 1,130 |
| Liabilities | (1,453) |
| **Identifiable assets less liabilities (net assets)** | **17,731** |

The goodwill of EUR 719 thousand arising from the transaction reflects the expected strategic benefits from energy independence at the Heiligenkreuz production site and its contribution to carbon reduction, as anchored within the corporate strategy.

The output of the biomass power plant is harnessed internally and consequently does not generate any additional revenue for the Lenzing Group. In addition, the biomass power plant is fully integrated with the operational production site in Heiligenkreuz. As a consequence, it does not generate separate earnings.

The consideration transferred comprises the purchase price of EUR 17,731 thousand and a contingent consideration whose fair value on the acquisition date amounted to EUR 934 thousand. Of the purchase price in the amount of EUR 17,731 thousand, EUR 15,731 thousand was paid in cash in 2023. The remaining amount of EUR 2,000 thousand is due within the next financial year .

Under the contingent consideration agreement, the Lenzing Group is obligated to pay a capped amount to the former owner of the biomass power plant until 2026, depending on the future trend in the average gas price (TTF ICE). A minimum amount was not set, although the maximum amount was fixed at EUR 12,500 thousand. The fair value of the contingent consideration was estimated by means of option valuation using an arbitrage-free Monte Carlo model approach. The calculated fair value would increase (decrease) particularly if the gas price (TTF ICE) increased (decreased).

As of December 31, 2024, an increase in the contingent consideration of EUR 273 thousand was recognized in profit and loss under income from non-current and current financial assets and liabilities, as the fair value of the contingent consideration increased by this amount. As of December 31, 2023, a reduction in the contingent consideration of EUR 57 thousand was recognized in profit and loss as the fair value of the contingent consideration decreased by this amount (see note 13). The contingent consideration is recognized on the consolidated balance sheet under other liabilities.

In June 2023, the subsidiary Lenzing Germany GmbH, Münchberg, Germany, was founded and included in the scope of consolidation.

In July 2023, the subsidiary Lenzing Italy S.r.l., Rome, Italy, was founded and included in the scope of consolidation.

## Basis of consolidation

Subsidiaries are companies controlled by the parent company. The Lenzing Group decides individually for each acquisition whether the non-controlling interests in the acquired subsidiary will be recognized at fair value or based on the proportional share of the acquired net assets. On acquisition, non-controlling interests are measured at fair value or the corresponding share of recognized net assets and are reported under equity and comprehensive income as “non-controlling interests”.

Lenzing AG holds a majority interest of 51 percent and thereby controls LD Celulose S.A., Indianópolis, Brazil. The Dexco Group holds a 49 percent interest in LD Celulose S.A. and a put option to sell its shares (puttable non-controlling interests). Lenzing AG applies the present access method for the accounting of the liability deriving from puttable non-controlling interests. Accordingly, the Dexco Group’s non-controlling interest in LD Celulose S.A. continues to be recognized in equity, and additionally a financial liability for puttable non-controlling interests is recognized (see note 35). The liability is subsequently measured at fair value directly in retained earnings.

The investments in associates and joint ventures are accounted for by applying the equity method.

The Lenzing Group wholly owns an insurance cell of White Rock Insurance (Europe) Protected Cell Company Limited, Birkirkara, Malta. This company has an insurance concession and enables the Lenzing Group to administer its operationally necessary insurance policies more effectively. The insurance cell essentially holds cash and cash equivalents. It is classified as a structured entity, and fully consolidated.

Structured entities include those assets and liabilities that are held by the Lenzing Group

The reporting currency of Lenzing AG and the Lenzing Group is the euro. The subsidiaries prepare the annual financial statements in their functional currency. The functional currency is the currency of the primary economic environment in which the respective company operates. With the exception of the subsidiaries mentioned below, the functional currency is the currency of the country or region where the subsidiary is located. The US dollar is the functional currency for LD Celulose S.A., Indianópolis, Brazil, LD Celulose International GmbH, Vienna, Austria, Lenzing (Thailand) Co., Ltd, Prachinburi, Thailand, Lenzing Singapore Pte. Ltd, Singapore, Republic of Singapore, and PT. South Pacific Viscose, Purwakarta, Indonesia.

The following key exchange rates were used for translation into the reporting currency euro:

**Exchange rates for key currencies**

| | | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| Unit | | Currency | End of the year | Average | End of the year | Average |
| 1 EUR | USD | US Dollar | 1.0444 | 1.0821 | 1.1050 | 1.0816 |
| 1 EUR | GBP | British Pound | 0.8295 | 0.8466 | 0.8691 | 0.8699 |
| 1 EUR | CZK | Czech Koruna | 25.2260 | 25.1190 | 24.7240 | 24.0006 |
| 1 EUR | CNY | Renminbi Yuan | 7.6234 | 7.7863 | 7.8509 | 7.6591 |
| 1 EUR | BRL | Brazilian Real | 6.4760 | 5.8268 | 5.3618 | 5.4016 |

For the sales company Lenzing Elyaf Anonim Şirketi, Istanbul, Turkey, hyperinflation accounting in accordance with IAS 29 was applied for the first time for the 2023 financial year. The first-time adjustment of the carrying amounts of non-monetary assets and liabilities based on a general price index was recognized directly in retained earnings and amounted to EUR 31 thousand. Gains and losses deriving from ongoing hyperinflation effects on non-monetary assets and liabilities as well as equity are recognized in other operating income or expenses in the income statement. In the 2024 financial year a loss of EUR 360 thousand (2023:EUR 0 thousand) from ongoing hyperinflation effects was recognized. The financial statements are based on the historical cost concept. The price index in Turkey as at December 31, 2024, amounted to 3,746.52 (December 31, 2023: 2,915.02).

## Note 4. Segment report

The reportable segments are the “Division Fiber”, “Division Pulp” and “Others”. The Lenzing Group classifies its segments based on the differences between their products, which require individual technologies and market strategies.

The Division Fiber produces all three generations of regenerated cellulosic fibers and markets them under the product brands TENCEL™, VEOCEL™, LENZING™ ECOVERO™ and LENZING™. The products made from lyocell, modal and viscose fibres are used for the production of textiles as well as nonwovens and special applications.

The Division Pulp produces and procures dissolving pulp, which is the necessary primary and intermediate product for fiber production. The pulp is used for the company’s own cellulosic fiber production and marketed externally. The fiber and pulp production systems are used and managed independently of each other.

“Others” mainly includes central headquarters functions, overarching activities and the business activities of BZL – Bildungszentrum Lenzing GmbH, Lenzing (training and personnel development).

### Information on business segments

EUR '000

| 2024 | Division Fiber | Division Pulp | Other | Segment total | Recon-ciliation | Group |
|---|---|---|---|---|---|---|
| Revenue from external customers | 2,033,002 | 627,557 | 3,339 | **2,663,898** | 0 | **2,663,898** |
| Inter-segment revenue | 469 | 543,558 | 0 | **544,028** | (544,028) | **0** |
| **Total revenue** | **2,033,471** | **1,171,115** | **3,339** | 3,207,926 | (544,028) | **2,663,898** |
| EBITDA (segment result) | 32,838 | 436,277 | (52,495) | **416,619** | (21,193) | **395,426** |
| EBIT | (68,692) | 243,696 | (65,307) | **109,696** | (21,193) | **88,503** |
| Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets | (102,855) | (192,816) | (13,093) | **(308,764)** | 0 | **(308,764)** |
| Thereof impairment | (3,751) | 0 | 0 | **(3,751)** | 0 | **(3,751)** |
| Income from investments accounted for using the equity method | (25) | (662) | 687 | **0** | 0 | **0** |
| Other material non-cash income (+) and expenses (-) | 33,531 | 42,199 | (1,133) | **74,598** | | **74,598** |
| CAPEX | 78,977 | 75,984 | 1,274 | **156,235** | 100 | **156,335** |
| EBITDA margin[1] | 1.6% | 37.3% | n/a | **13.0%** | - | **14.8%** |
| EBIT margin[2] | (3.4)% | 20.8% | n/a | **3.4%** | - | **3.3%** |

1) EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).
2) EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting).

### Information on business segments (previous year)

EUR '000

| 2023 | Division Fiber | Division Pulp | Other | Segment total | Recon-ciliation | Group |
|---|---|---|---|---|---|---|
| Revenue from external customers | 1,841,007 | 676,132 | 4,028 | **2,521,167** | 0 | **2,521,167** |
| Inter-segment revenue | 9,624 | 371,308 | 0 | **380,932** | (380,932) | **0** |
| **Total revenue** | **1,850,630** | **1,047,440** | **4,028** | 2,902,099 | (380,932) | **2,521,167** |
| EBITDA (segment result) | (98,701) | 462,097 | (65,677) | **297,719** | 5,599 | **303,318** |
| EBIT | (683,765) | 284,630 | (82,894) | **(482,029)** | 5,601 | **(476,428)** |
| Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets | (586,571) | (177,691) | (17,512) | **(781,773)** | 2 | **(781,771)** |
| Thereof impairment | (464,906) | 0 | 0 | **(464,906)** | 0 | **(464,906)** |
| Income from investments accounted for using the equity method | (4,258) | 2,803 | 8,183 | **6,728** | 0 | **6,728** |
| Other material non-cash income (+) and expenses (-) | 37,742 | 72,691 | (24,521) | **85,912** | 0 | **85,912** |
| CAPEX | 181,138 | 84,405 | 5,924 | **271,466** | 12,099 | **283,565** |
| EBITDA margin[1] | (5.3)% | 44.1% | n/a | **10.3%** | - | **12.0%** |
| EBIT margin[2] | (36.9)% | 27.2% | n/a | **(16.6)%** | - | **(18.9)%** |

1) EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).
2) EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting).

The other significant non-cash operating expenses and income relate to non-cash measurement effects from biological assets, receivables, inventories and provisions.

The performance of the segments and the Group is measured by EBITDA (earnings before interest, tax, amortization of intangible assets, depreciation on property, plant and equipment and right-of-use assets and depletion of biological assets and before income from the release of investment grants).

The following table shows the reconciliation of earnings before interest and tax (EBIT) to the earnings before interest, tax, depreciation and amortization (EBITDA) and to the earnings before tax (EBT):

**Reconciliation of earnings before interest and tax (EBIT) to the earnings before interest, tax, depreciation and amortization (EBITDA) and to the earnings before tax (EBT)** **EUR '000**

| | 2024 | 2023 |
|---|---|---|
| Earnings before interest and tax (EBIT) | 88,503 | (476,428) |
| Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets | 308,764 | 781,771 |
| Income from the release of investment grants | (1,841) | (2,025) |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 395,426 | 303,318 |
| Segment amortization and depreciation | (308,764) | (781,773) |
| Consolidation | 0 | 2 |
| Income from the release of investment grants | 1,841 | 2,025 |
| Earnings before interest and tax (EBIT) | 88,503 | (476,428) |
| Financial result | (130,508) | (109,202) |
| **Earnings before tax (EBT)** | **(42,005)** | **(585,630)** |

The carrying amounts for segment reporting are based on the same accounting policies applied to the IFRS consolidated financial statements.

## Information on products and services

Revenue from external customers can be classified by products and services as follows:

**Revenue from external customers by products and services** **EUR '000**

| | 2024 | 2023 |
|---|---|---|
| Regenerated cellulosic fibers | 1,965,253 | 1,753,472 |
| Co-products of fiber production | 63,406 | 61,134 |
| Mechanical and plant engineering, engineering services and others | 4,343 | 26,401 |
| Division Fiber | 2,033,002 | 1,841,007 |
| Pulp | 456,732 | 529,458 |
| Biorefinery-products and energy | 111,613 | 110,209 |
| Mechanical and plant engineering, engineering services, wood and others | 59,212 | 36,465 |
| Division Pulp | 627,557 | 676,132 |
| Other | 3,339 | 4,028 |
| **Revenue as per consolidated income statement** | **2,663,898** | **2,521,167** |

No single external customer is responsible for more than 10 percent of external revenue.

## Information on geographic regions

The following table provides a classification of revenue from external customers by sales market by geographic area.

**Revenue from external customers by geographic regions** **EUR '000**

| | 2024 | 2023 |
|---|---|---|
| Austria | 88,155 | 94,179 |
| Europe (excl. Austria, incl. Turkey) | 751,711 | 625,909 |
| Asia | 1,571,470 | 1,563,430 |
| America (North, Central and South America) | 237,712 | 223,264 |
| Rest of the world | 14,850 | 14,386 |
| **Revenue as per consolidated income statement** | **2,663,898** | **2,521,167** |

Revenue is allocated according to the geographic region of the customer.

The following table shows non-current assets (excluding other investments and tax assets; reconciled to the consolidated figures for total non-current assets) by geographic region:

**Information on non-current assets by geographic regions** **EUR '000**

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Austria | 791,232 | 816,178 |
| Europe (excl. Austria, incl. Turkey) | 205,406 | 204,431 |
| Asia | 676,135 | 665,551 |
| America (North, Central and South America) | 1,637,294 | 1,642,109 |
| Subtotal | 3,310,067 | 3,328,269 |
| Reconciliation to consolidated figures | 58,298 | 85,778 |
| **Consolidated total** | **3,368,365** | **3,414,046** |

The above amounts cover all segments of the Lenzing Group. Additional information on the segments is provided in the management report of the Lenzing Group as at December 31, 2024.

# Notes on the Consolidated Income Statement

## Note 5. Revenue

The breakdown of revenue is shown in the segment report (see note 4, in particular information on products and services as well as geographic regions).

Revenue results exclusively from contracts with customers in accordance with IFRS 15 (Revenue from Contracts with Customers). Revenue comprises all income generated by the typical business activities of the Lenzing Group.

Income is recognized at a point in time, and thus when ownership of the product has been transferred to the customer (i.e. with the transfer of risks), the amount of income and the related costs can be reliably determined and the economic benefits from the transaction will probably flow to the Group.

Since all performance obligations in the Lenzing Group have a term of a maximum of one year, the remaining performance obligations are not disclosed.

Contract liabilities are presented under other liabilities and consist mainly of down payments received of EUR 18,830 thousand (December 31, 2023: EUR 12,198 thousand) and accruals for discounts and rebates of EUR 4,033 thousand (December 31, 2023: EUR 4,525 thousand) (see note 32). The amount of EUR 11,479 thousand included in contract liabilities as at December 31, 2023 has been recognized as revenue in 2024 (2023: EUR 12,113 thousand).

## Note 6. Functional costs

### Cost of sales

The cost of sales mainly relates to the cost of materials and other purchased manufacturing services, gains and losses from changes in the fair value of biological assets, personnel expenses, depreciation and amortization and other operating expenses, in particular expenses for maintenance and repair, other third-party services and expenses for waste disposal. The expenses for maintenance and repair amount to EUR 71,223 thousand (2023: EUR 63,187 thousand) and for maintenance material and cleaning to EUR 109,484 thousand (2023: EUR 113,942 thousand).

### Selling expenses

Selling expenses mainly relate to personnel expenses and other operating expenses, particularly expenses for outbound freight as well as rental and leasing expenses.

### Administrative expenses

Administrative expenses mainly relate to personnel expenses and other operating expenses, in particular legal, audit and consulting expenses.

### Research and development expenses

Research and development expenses mainly relate to personnel expenses and other operating expenses, in particular filing and defense costs for patents and trademarks. Research and development expenses include amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets, and depletion of biological assets amounting to EUR 1,639 thousand (2023: EUR 53,482 thousand) and income from the release of investment grants amounting to EUR 143 thousand (2023: EUR 140 thousand).

## Note 7. Other operating income and expenses

Other operating income consists of the following:

**Other operating income** — EUR '000

| | 2024 | 2023 |
|---|---|---|
| Income from recharging of services and other products | 24,468 | 20,448 |
| Income from the release of deferred income for emission certificates and from subsidies and the sale of emission certificates | 10,703 | 79,115 |
| Rental income | 6,121 | 5,901 |
| Foreign currency gains | 10,202 | 0 |
| Compensation | 4,250 | 0 |
| Sundry | 6,027 | 3,189 |
| **Total** | **61,770** | **108,653** |

EU emission certificates were sold in the 2023 financial year (see note 27).

The other operating expenses amounting to EUR 4,949 thousand (2023: EUR 19,982 thousand) mainly relate to asset disposals (2023: foreign currency losses of EUR 17,186 thousand).

# Note 8. Cost of material and other purchased services

The cost of material and other purchased services comprises the following:

**Cost of material and other purchased services** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Material | 1,159,992 | 1,190,680 |
| Other purchased services | 220,771 | 225,542 |
| **Total** | **1,380,763** | **1,416,222** |

The cost of material comprises primarily the input factors consumed, i.e. pulp (and wood for the internal production of pulp), key chemicals (particularly caustic soda, carbon disulfide, and sulphuric acid) and merchandise. The cost of purchased services is related mainly to the consumption of energy.

The cost of the raw material and supplies consumed during the year is based on the weighted average cost method.

# Note 9. Personnel expenses

The following table shows the composition of personnel expenses:

**Personnel expenses** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Wages and salaries | 422,317 | 354,310 |
| Expenses for severance payments and gratuity | 3,152 | 7,502 |
| Retirement benefit expenses | 10,072 | 9,716 |
| Statutory social security expenses | 100,208 | 89,829 |
| Other employee-related costs | 10,300 | 9,891 |
| **Total** | **546,049** | **471,248** |

In the 2024 financial year, no short-time working allowances were utilized in Austria. In the 2023 financial year, government grants of EUR 1,087 thousand in connection with short-term work assistance of Austria were offset against personnel expenses and recognized in profit or loss. The main condition for short-time working assistance is the temporary reduction of working hours of certain employees. In the 2023 financial year, the Lenzing Group utilized such grants from January to June.

The number of employees in the Lenzing Group is as follows:

**Number of employees**
**(Full-time equivalents)**

| | 2024 | 2023 |
|---|---|---|
| Average | 7,747 | 7,751 |
| As at 31/12 | 7,816 | 7,917 |

The following table shows the number of employees in Lenzing AG and the Austrian subsidiaries of the Lenzing Group:

**Average number of employees in Austria**
**(Full-time equivalents)**

| | 2024 | 2023 |
|---|---|---|
| Hourly workers | 1,749 | 1,757 |
| Salaried employees | 1,340 | 1,411 |
| **Total** | **3,089** | **3,168** |

# Note 10. Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets

Amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets and depletion of biological assets include the following:

**Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Amortization and depreciation | 241,976 | 265,589 |
| Depletion (see note 19) | 63,037 | 51,276 |
| Impairment | 3,751 | 464,906 |
| **Total** | **308,764** | **781,771** |

## Impairment

The impairment losses in the 2024 financial year amounting to EUR 3,751 thousand are included in full in the administrative expenses. In the financial year 2023, of the impairment losses of EUR 464,906 thousand, EUR 413,583 thousand were recognized in the cost of sales, EUR 2,847 thousand in selling expenses, EUR 641 thousand in administrative expenses and EUR 47,835 thousand in research and development expenses.

The impairment losses recognized in the 2024 financial year relate to a right-of-use to asset for land at an Indian subsidiary that was established for the purpose of constructing a viscose fiber plant in India. This project was no longer pursued due to legal delays and the deterioration in the market environment. Alternative utilization options for the assets held by the company were evaluated. The recoverable amount (EUR 1,740 thousand) led to an impairment loss of EUR 3,751 thousand on land and buildings. The impairment is allocated to the Fiber segment.

### Impairment of intangible assets, property, plant and equipment, right-of-use assets and cash-generating units (CGUs)

If there is an indication of impairment in accordance with IAS 36, intangible assets, property, plant and equipment and right-of-use assets as well as cash-generating units (CGUs) are tested for impairment. A qualitative and quantitative analysis is performed at the reporting dates for all consolidated financial statements and interim consolidated financial statements to determine whether there are any indications of impairment or any material year-on-year changes in impaired CGUs. This analysis is based on criteria defined by the management of Lenzing AG. Intangible assets, property, plant and equipment and right-of-use assets allocated to a CGU that includes goodwill are tested during the annual impairment testing of goodwill. The CGUs in the Lenzing Group represent, above all, the individual production sites.

The Lenzing Group initially determines the recoverable amount based on the applicable fair value less costs of disposal. The budget is approved by the Management Board and the Supervisory Board. The medium-term plans for the subsequent four years are approved by the Management Board and acknowledged by the Supervisory Board. These plans are the starting point for the cash flow projections on a post-tax basis to determine the fair value less costs of disposal. Basically, the management prepares planning accounts over a detailed planning period of five years. If the steady state is not already achieved at the end of the five-year detailed planning period, this period will be extended until a steady state of cash flows can be assumed. Subsequently, a perpetuity growth rate reflecting a sustainable long-term growth rate is applied after the detailed planning period. The estimate for the sustainable long-term growth rate generally equals half of the inflation rate expected in the relevant country during the next few years, as projected by an international economic research agency. This value usually tends to offset general inflation. A growth-related retention of financial surpluses in the perpetual annuity is taken into consideration in the planning calculations. The planned/projected cash flows are discounted to their present value with a discounted cash flow method. Fair value measurement is classified in full as level 3 of the fair value hierarchy because key input factors (in particular, cash flows) cannot be observed on the market. The applied discount rate is calculated on an individual basis using the capital asset pricing model (CAPM) and represents a composite figure (weighted average cost of capital – WACC) that combines the average interest rate for debt and the anticipated return on equity employed. After-tax WACCs ranging from 8.4 percent to 9.0 percent were used in 2024 (2023: 8.8 percent to 9.8 percent) for impairment tests of CGUs that include goodwill.

The WACCs were, for the most part, determined on the basis of externally available capital market data for comparable companies (in particular, to determine the risk premium). The planning and forecasts of free cash flows are based, above all, on internal and external assumptions for the expected development of selling prices and volumes (especially for fibers and cellulose) and the related costs (in particular, raw materials like cellulose, wood and energy plus labor and taxes), including the expected market environment and market positioning. Other input factors include anticipated investments and the changes in working capital. These internal assumptions are based on past experience, current operating results and the assessment of future developments. They are supplemented by external market assumptions such as sector-specific market studies and economic outlooks.

No impairments of CGUs in accordance with IAS 36 were recognized in the 2024 financial year. Due to capital markets trends, the fair value of the equity fell below its carrying amount in the fourth quarter of 2023, triggering an indication of impairment for all cash-generating units. In the 2023 financial year, a total of EUR 464,906 of impairment losses in accordance with IAS 36 were recognized for individual CGUs.

### Impairment test of the CGU Fiber Site China

CGU Fiber Site China produces viscose and modal fibers in Nanjing, China. In the 2023 financial year, the deterioration of the market environment has led to substantial losses for the Fiber Site China CGU. The recoverable amount (EUR 129,021 thousand) resulted in an impairment requirement of EUR 22,605 thousand for the CGU. Land and buildings of EUR 8,353 thousand and technical equipment, machinery, operating and office equipment of EUR 14,252 thousand were impaired. All assets are allocated to the Fiber Division segment.

### Impairment test of the CGU Fiber Site Indonesia

CGU Fiber Site Indonesia produces viscose fibers in Purwakarta, Indonesia. Due to an indication of impairment as per IAS 36, the recoverable amount of the CGU Fiber Site Indonesia was determined for the 2024 financial year. The recoverable amount was sufficient to cover the carrying amounts, which is mainly due to the reduction in the discount rate (WACC) from 10.4 percent to 9.8 percent, although this does not reflect a reversal of the impairment. The market environment remains difficult, resulting in no significant change compared to the previous year. The average EBITDA growth of the CGU Fiber Site Indonesia during the detailed planning period is a multiple of that in perpetuity.

The carrying amounts would increase/decrease in particular if planned EBITDA or the weighted average cost of capital (WACC) decreases (increases). A discount rate (WACC) of 9.8 percent (2023: 10.4 percent) is applied in order to calculate fair value less costs of disposal. In the event of an increase (decrease) in planned EBITDA by 1 percent, the calculated recoverable amount would increase (decrease) by EUR 3,738 thousand. If the weighted average cost of capital (WACC) decreases (increases) by 0.25 percentage points, the recoverable amount will increase by EUR 8,485 thousand or decrease by EUR 7,994 thousand.

In the financial year 2023, the deterioration of the market environment has led to substantial losses for the Fiber Site Indonesia CGU. The recoverable amount (EUR 149,480 thousand) resulted in an impairment requirement of EUR 209,591 thousand for the CGU. Land and buildings of EUR 64,708 thousand and technical equipment, machinery, operating and office equipment of EUR 144,885 thousand were impaired. All assets are allocated to the Fiber Division segment.

## Impairment test of the CGU Fiber Site Lenzing

The CGU Fiber Site Lenzing produces viscose, modal, and lyocell fibers in Lenzing, Austria. In the financial year 2023, the deterioration of the market environment has led to substantial losses for the Fiber Site Lenzing CGU. The recoverable amount (EUR 845,315 thousand) resulted in an impairment requirement of EUR 70,883 thousand for the CGU. As the further development of additional lyocell fiber applications is no longer considered highly probable in the near future, an additional impairment requirement was identified for the internally generated intangible assets and property, plant and equipment recognized in this context. This is also the key assumption when determining the recoverable amount. As both the fair value less costs of disposal and the value in use are estimated at EUR 0 thousand for these assets, an impairment loss of EUR 95,469 thousand was recognized.

In the financial year 2023, in total, at the CGU Fiber Site Lenzing, internally generated intangible assets of EUR 21,204 thousand, concessions and rights of EUR 116 thousand, land and buildings of EUR 1,578 thousand, technical equipment, machinery, operating, and office equipment of EUR 126,438 thousand, and advance payments and assets under construction of EUR 17,016 thousand, were impaired. All assets are allocated to the Fiber Division segment.

## Impairment test of the CGU Fiber Site Thailand

CGU Fiber Site Thailand produces lyocell fibers in Prachinburi, Thailand. In the financial year 2023, the deterioration of the market environment has led to substantial losses for the Fiber Site Thailand CGU. Furthermore, the expansion of additional lyocell fiber capacities in the near future was no longer considered highly probable. The recoverable amount (EUR 398,516 thousand) led to a shortfall of EUR 25,916 thousand in relation to carrying amounts. Moreover, an impairment requirement was identified in relation to down payments rendered and assets under construction, which were intended for the expansion of additional lyocell fiber capacities, which is however no longer considered highly probable in the near future. This is also the key assumption when determining the recoverable amount. As both the fair value less costs of disposal and the value in use are estimated at EUR 0 thousand for these assets, an impairment loss of EUR 19,927 thousand was recognized.

In the financial year 2023, in total, land and buildings of EUR 19,489 thousand, technical equipment, machinery, operating, and office equipment of EUR 6,426 thousand, and advance payments and assets under construction of EUR 19,927 thousand were impaired. All assets are allocated to the Fiber Division segment.

## Impairment test of the CGU Fiber Site USA

Since the temporary halt to the construction of additional lyocell capacities in Mobile, Alabama, USA, in the 2018 financial year, the Managing Board has regularly evaluated whether any uncertainties exist regarding the future usability of the assets when the project is resumed. As the expansion of additional lyocell fiber capacities is no longer considered highly probable in the near future, in the financial year 2023, an impairment requirement was identified in relation to the assets under construction of the CGU Fiber Site USA, which were intended for this expansion. This is also the key assumption when determining the recoverable amount. As both the fair value less costs of disposal and the value in use are estimated at EUR 0 thousand for these assets, an impairment loss of EUR 20,516 thousand was recognized. All assets are allocated to the Fiber Division segment.

## Impairment test of CGUs to which goodwill is allocated

Goodwill was allocated to the following segments/cash-generating units (CGUs) as at the reporting date:

**Goodwill by segment/CGU** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Segment Division Pulp | | |
| CGU Pulp Site Czech Republic | 10,469 | 10,682 |
| Segment Divison Fiber | | |
| Other CGUs | 4,389 | 4,208 |
| **Total** | **14,858** | **14,889** |

The recoverable amount of the largest CGU with goodwill in 2024 – the CGU Pulp Site Czech Republic – was determined on the basis of fair value less costs of disposal. The measurement of fair value is classified in full under level 3 of the fair value hierarchy. The following individual assumptions from the most recent impairment tests were used for annual testing:

**Assumptions for impairment testing of the largest CGU to which goodwill was allocated**

| | 2024 | 2023 |
|---|---|---|
| CGU Pulp Site Czech Republic | | |
| Average annual operating margin in planning period | 10.1% | 8.6% |
| Long-term growth rate of perpetual yield | 1.2% | 1.3% |
| After-tax discount rate (WACC) | 9.0% | 9.8% |

The average revenue growth of the Pulp Site Czech Republic during the detailed planning period equals 1.7 percent per year (2023: 2.3 percent per year).

The estimated fair value less costs of disposal of the CGU Pulp Site Czech Republic exceeds the carrying amount by EUR 199,054 thousand (2023: EUR 112,504 thousand). The following table shows a sensitivity analysis with hypothetical scenarios for the key assumptions as well as the possible changes in value as at the reporting date which, if they occurred, would result in the recoverable amount equaling the carrying amount of the CGU plus goodwill.

**Sensitivity analysis of assumptions for impairment testing**

| | Values relating to key assumptions | Change in values relating to key assumptions for which the recoverable amount would equal the carrying amount |
|---|---|---|
| CGU Pulp Site Czech Republic | | |
| Operating margin | 10.1% | minus 7.4 percentage points |
| After-tax discount rate (WACC) | 9.0% | plus 9.1 percentage points |

**Sensitivity analysis of assumptions for impairment testing (previous year)**

| | Values relating to key assumptions | Change in values relating to key assumptions for which the recoverable amount would equal the carrying amount |
|---|---|---|
| CGU Pulp Site Czech Republic | | |
| Operating margin | 8.6% | minus 4.0 percentage points |
| After-tax discount rate (WACC) | 9.8% | plus 5.0 percentage points |

The other CGUs with goodwill include the CGU Fiber Site UK, the CGU Fiber Site Heiligenkreuz, and the CGU Fiber Site USA. For these, a long-term growth rate of 1.0 percent to 1.2 percent (2023: of 1.0 percent to 1.2 percent) was taken into account as perpetual yield.

In addition to the annual impairment test for CGUs with goodwill, an indication of impairment in accordance with IAS 36 was also identified at the CGU Heiligenkreuz Fiber Site in the 2024 financial year, and the recoverable amount was determined on this basis. This resulted in sufficient coverage of the carrying amounts. The average EBITDA growth of the CGU Fiber Site Heiligenkreuz during the detailed planning period is a multiple of that in perpetuity. The operating margin of the CGU Fiber Site Heiligenkreuz amounts to 3.9 percent (2023: 12.3 percent) and could decrease by a maximum of 0.7 percentage points (2023: 5.4 percentage points) so that the carrying amounts are sufficiently covered by the recoverable amount. The discount rate (WACC) amounts to 8.4 percent (2023: 8.8 percent) and could increase by a maximum of 1.4 percentage points (2023: 6.3 percentage points).

## Note 11. Auditors' fees

The fees expensed for services provided by KPMG Austria GmbH, Linz, comprise the following:

**Auditors' fees expensed** EUR '000

| 2024 | Lenzing AG | Subsidiaries | Total |
|---|---|---|---|
| Audit of the annual financial statements (incl. consolidated financial statements) | 626 | 170 | 796 |
| Other assurance services | 308 | 0 | 308 |
| Other services | 64 | 0 | 64 |
| **Total** | **998** | **170** | **1,169** |

**Auditors' fees expensed (previous year)** EUR '000

| 2023 | Lenzing AG | Subsidiaries | Total |
|---|---|---|---|
| Audit of the annual financial statements (incl. consolidated financial statements) | 483 | 209 | 691 |
| Other assurance services | 419 | 0 | 419 |
| Other services | 1,713 | 0 | 1,713 |
| **Total** | **2,615** | **209** | **2,824** |

The fees for other assurance services mainly relate to fees for the review of the consolidated half-year financial statements and the Sustainability Report, as well as the additional review of the interim consolidated financial statements as at March 31, 2023, in the 2023 financial year. In the 2023 financial year, the fees for other services mainly relate to fees for services in connection with the capital increase.

## Note 12. Income from investments accounted for using the equity method

The result of minus EUR 0 thousand (2023: EUR minus 6,728 thousand) arises from the Group's share of the current result as well as the measurement of associated companies and joint ventures.

No impairment losses or reversals of impairment losses were recognized in the 2024 financial year. In the 2023 financial year, an impairment of EQUI-Fibres Beteiligungsgesellschaft mbH (EFB) in the amount of EUR minus 2,000 thousand and a reversal of impairment of Lenzing Papier GmbH (LPP) in the amount of EUR 4,192 thousand are included (see note 21).

## Note 13. Income from non-current and current financial assets and liabilities

The income from non-current and current financial assets and liabilities consists of the following items:

**Income from non-current and current financial assets and liabilities** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Income from non-current and current financial assets | | |
| Interest income from bank balances, originated loans and receivables | 27,482 | 16,334 |
| Income from dividends for equity instruments measured at fair value through other comprehensive income | 156 | 203 |
| Measurement of financial assets at fair value through profit or loss | 118 | 1,628 |
| Net foreign currency gains from financial assets | 7,422 | 0 |
| | **35,177** | **18,165** |
| Expenses from non-current and current financial assets | | |
| Measurement and loss from the disposal of financial assets at amortized cost | (1,074) | (8,209) |
| Measurement and loss from the disposal of financial assets at fair value through profit or loss | 0 | (4,087) |
| Net foreign currency losses from financial assets | 0 | (13,424) |
| | **(1,074)** | **(25,720)** |
| Income and expenses from non-current financial liabilities | | |
| Change in the fair value of contingent considerations | (273) | 57 |
| | (273) | 57 |
| **Total** | **33,830** | **(7,498)** |

## Note 14. Financing costs

Financing costs comprise the following:

**Financing costs** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Net foreign currency gains/losses from financial liabilities | (164) | 1,982 |
| Interest expense from bonds and private placements | (27,537) | (18,017) |
| Interest expense for bank loans, other interest and similar expenses | (153,881) | (113,891) |
| Capitalized borrowing costs for property, plant and equipment and biological assets | 17,244 | 21,494 |
| **Total** | **(164,339)** | **(108,432)** |

## Note 15. Income tax expense

This item includes current income tax expense as well as income/expense from deferred taxes (changes in deferred tax assets and deferred tax liabilities) and comprises the following:

**Income tax expense by source** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Current income tax expense | | |
| Austria | (20,681) | 34,659 |
| Abroad | 37,304 | 35,558 |
| | **16,623** | **70,217** |
| Income/expense from deferred taxes | 79,651 | (62,895) |
| **Total** | **96,273** | **7,322** |

**Income tax expense by cause** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Current income tax expense | | |
| Tax expense for current year | 44,398 | 58,081 |
| Reduction due to the use of tax losses | 0 | (3,218) |
| Reduction due to the use of tax credits | (280) | (282) |
| Adjustment for prior-period income tax | (27,495) | 15,637 |
| | **16,623** | **70,217** |
| Income/expense from deferred taxes | | |
| Recognition and reversal of temporary differences | 67,248 | (77,704) |
| Effects of changes in tax rates | 0 | 4,168 |
| Change in capitalized loss carryforwards | 31,283 | (46,312) |
| Effects of previously unrecognized temporary differences from prior periods | (29,272) | (858) |
| Changes in valuation adjustment to deferred tax assets (excl. loss carryforwards) | 10,391 | 57,811 |
| | **79,651** | **(62,895)** |
| **Total** | **96,273** | **7,322** |

The item “Change in capitalized loss carryforwards” relates to the capitalization of loss carryforwards in the amount of EUR minus 16,094 thousand and a valuation allowance on deferred tax assets recognized in prior years for loss carryforwards not yet utilized amounting to EUR 47,377 thousand (2023: EUR minus 48,752 thousand). In the 2023 financial year tax loss carryforwards in the amount of EUR 2,439 were utilized.

The reconciliation of calculated income tax expense based on the Austrian corporate tax rate of 23 percent (December 31, 2023: 24 percent) to effective income tax expense is shown in the following table:

**Tax reconciliation** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Earnings before tax (EBT) | (42,005) | (585,630) |
| Calculated tax expense (23% of earnings before tax; previous year: 24% of earnings before tax) | (9,661) | (140,551) |
| Deductible distribution of hybrid coupon | (6,613) | (6,900) |
| Tax-free income and tax allowances (particularly research allowance) | (1,455) | (1,710) |
| Non-deductible expenses and similar permanent differences | 5,962 | 3,628 |
| Non-deductible withholding taxes | 5,582 | 8,303 |
| Income from investments accounted for using the equity method | 0 | (1,615) |
| Effect of different tax rates | 6,655 | 21,952 |
| Changes in tax rates | 0 | 4,121 |
| Taxes from prior periods | 20,968 | 14,779 |
| Exchange rate differences resulting from the translation of tax items from local into functional currency | 47,480 | (15,431) |
| Change in unrecognized deferred tax assets from loss carryforwards, interest carryforwards, tax credits and other temporary differences | 26,586 | 119,691 |
| Other | 768 | 1,055 |
| **Effective tax expense** | **96,273** | **7,322** |

As in the previous year, the ratio of effective income tax expense to earnings before tax is disproportionate in the 2024 financial year. The Group reports significant reconciliation items arising from write-downs on tax assets (in particular from non-capitalized loss carryforwards arising in the Austrian tax group as well as in Indonesia, China, and Thailand). In addition, as in the 2023 financial year, a distribution to hybrid capital holders was realized that is tax deductible.

The “Taxes from prior periods” item includes an additional tax claim of EUR 23,019 thousand (2023: additional tax claim of EUR 4,490 thousand) of the former tax group with the B&C Group (see also notes 29 and 38). This additional tax claim arises from the retroactive withdrawal from the B&C tax group from the 2022 financial year onwards (EUR 22,209 thousand), and from correction of the tax allocation for the 2021 financial year in the amount of EUR 810 thousand. In the 2023 financial year this item included a provision for uncertain tax items of EUR 13,201 thousand in connection with regular tax audit procedures.

Lenzing AG and the Austrian subsidiaries of the Lenzing Group are subject to an income tax rate of 23 percent (December 31, 2023: 24 percent). The income tax rates for foreign companies range from 9.9 percent to 34 percent (December 31, 2023: from 9.9 percent to 34 percent).

The “Changes in tax rates” item in the 2023 financial year mainly comprises the statutory tax rate reduction in Austria and the tax rate increase in the Czech Republic. The income tax rate in Austria was gradually reduced from 25 percent to 24 percent with effect of January 1, 2023 and from 24 percent to 23 percent with effect of January 1, 2024. This resulted in tax expense of EUR 0 thousand in the 2024 financial year (2023: expense of EUR 3,105 thousand) from the measurement of the Austrian group companies' deferred tax assets and deferred tax liabilities. The corporate income tax rate in the Czech Republic was raised from 19 percent to 21 percent from January 1, 2024. This resulted in tax expense of EUR 0 thousand in the 2024 financial (2023: tax expense of EUR 1,221 thousand) year from the measurement of deferred tax assets and deferred tax liabilities.

The OECD model rules for a global minimum taxation system (Pillar 2) were published in December 2021. The minimum taxation regime is intended to ensure that corporate groups with worldwide revenue of at least EUR 750,000 thousand are subject to an effective tax burden of at least 15 percent in those countries where they operate. In December 2022, Council Directive (EU) 2022/2523 was adopted to ensure an overall minimum level of taxation for multinational enterprise groups and large domestic groups within the EU, which was transposed into national law in Austria with the Minimum Tax Reform Act of December 30, 2023 and is to be applied by taxpayers from January 1, 2024. Numerous jurisdictions relevant to the Lenzing Group also introduced corresponding minimum tax regulations that are applicable as of January 1, 2024.

B&C Privatstiftung, Vienna, is the ultimate parent company of Lenzing AG and its subsidiaries for the purposes of the minimum taxation rules. In accordance with minimum taxation rules, Lenzing AG is a partially owned parent company.

An evaluation of the effects of the new minimum taxation rules for the Lenzing Group as a subgroup of the B&C Group was conducted. Due to the temporary safe harbor regulations and based on the minimum tax calculation, no material impact on the recognition and measurement of tax assets and liabilities was identified in a stand-alone analysis of the Lenzing Group subgroup for 2024. Insofar as minimum taxation rules are applied (as things currently stand in Hong Kong and Malta), the financial impact was evaluated for the 2024 financial year (primary supplementary tax in Austria). At EUR 1 thousand, no material effects were identified for the Lenzing Group.

The Lenzing Group applies the temporary, mandatory exemption with regard to the recognition of deferred taxes arising from the introduction of global minimum taxation and recognizes these as current tax expense/income when they arise.

# Note 16. Earnings per share

Earnings per share are calculated as follows:

**Earnings per share** — **EUR '000**

| | 2024 | 2023 |
|---|---|---|
| Net profit/loss after tax attributable to shareholders of Lenzing AG used in the calculation of earnings per share | (156,601) | (649,445) |
| Weighted average number of shares | 38,618,180 | 32,435,304 |
| | EUR | EUR |
| Diluted = basic | (4.06) | (20.02) |

Earnings per share are calculated by dividing the share of net (after tax) income/loss for the year attributable to shareholders of Lenzing AG, reduced by the share of hybrid capital holders amounting to EUR 28,750 thousand (2023: EUR 28,750 thousand), by the weighted average number of shares outstanding during the year.

# Notes to the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity

## Note 17. Intangible assets

### Development

Intangible assets developed as follows

**Development of intangible assets** EUR '000

| 2024 | Goodwill | Concessions, industrial property rights, licenses and similar rights | Internally generated intangible assets | Total |
|---|---|---|---|---|
| Cost | | | | |
| As at 01/01/2024 | 95,879 | 30,044 | 44,906 | **170,829** |
| Currency translation adjustment | 4,668 | 208 | 0 | **4,876** |
| Addition | 0 | 810 | 0 | **810** |
| Disposals | 0 | (155) | (437) | **(592)** |
| As at 31/12/2024 | 100,547 | 30,907 | 44,469 | **175,923** |
| Accumulated amortization | | | | |
| As at 01/01/2024 | (80,990) | (24,517) | (38,595) | **(144,102)** |
| Currency translation adjustment | (4,699) | (112) | 0 | **(4,812)** |
| Amortization | 0 | (2,033) | (1,146) | **(3,179)** |
| Disposals | 0 | 4 | 0 | **4** |
| As at 31/12/2024 | (85,689) | (26,659) | (39,741) | (152,089) |
| Carrying amount as at 01/01/2024 | 14,889 | 5,528 | 6,311 | 26,728 |
| **Carrying amount as at 31/12/2024** | **14,858** | **4,248** | **4,728** | **23,835** |

### Development of intangible assets (previous year) EUR '000

| 2023 | Goodwill | Concessions, industrial property rights, licenses and similar rights | Internally generated intangible assets | Total |
|---|---|---|---|---|
| Cost | | | | |
| As at 01/01/2023 | 98,356 | 29,959 | 36,564 | 164,879 |
| Currency translation adjustment | (3,196) | (242) | 0 | (3,438) |
| Addition | 719 | 372 | 8,341 | 9,433 |
| Disposals | 0 | (44) | 0 | (44) |
| As at 31/12/2023 | 95,879 | 30,044 | 44,906 | 170,829 |
| Accumulated amortization | | | | |
| As at 01/01/2023 | (83,906) | (22,203) | (14,945) | (121,054) |
| Currency translation adjustment | 2,916 | 127 | 0 | 3,043 |
| Amortization | 0 | (2,369) | (2,446) | (4,815) |
| Impairment | 0 | (116) | (21,204) | (21,320) |
| Disposals | 0 | 44 | 0 | 44 |
| As at 31/12/2023 | (80,990) | (24,517) | (38,595) | (144,102) |
| Carrying amount as at 01/01/2023 | 14,450 | 7,756 | 21,619 | 43,825 |
| **Carrying amount as at 31/12/2023** | **14,889** | **5,528** | **6,311** | **26,728** |

Of the additions in the 2024 financial year, EUR 810 thousand (2023: EUR 372 thousand) relate to purchased intangible assets. In the 2024 financial year no goodwill (2023: EUR 719 thousand) (see note 3), and no internally generated intangible assets (2023: EUR 8,341 thousand) were acquired. Development costs are recognized as intangible assets if the specific requirements pursuant to IAS 38 are met, in particular, as to whether future economic benefits can be generated.

The revaluation option was not exercised. Amortization is calculated according to the straight-line method based on the estimated useful lives. The estimated useful lives of the major asset classes are as follows:

### Useful lives for intangible assets

| | Years |
|---|---|
| Software/computer programs | 4 to 7 |
| Licenses and other intangible assets | |
| Purchased | 4 to 25 |
| Internally generated | 7 to 15 |

All items of intangible assets are tested for impairment in accordance with IAS 36 if there are any indications that these assets may be impaired (see note 10).

The amortization of concessions, industrial property rights, licenses, similar rights and internally generated intangible assets is presented in the cost of sales, selling expenses, administrative expenses as well as research and development expenses.

# Note 18. Property, plant and equipment

## Development

Property, plant and equipment developed as follows:

**Development of property, plant and equipment** — EUR '000

| 2024 | Land and buildings | Technical equipment and machinery, factory and office equipment | Down payments and assets under construction | Total |
|---|---|---|---|---|
| Cost | | | | |
| As at 01/01/2024 | 1,195,510 | 4,758,149 | 193,533 | **6,147,191** |
| Currency translation adjustment | 37,321 | 121,349 | 4,612 | **163,281** |
| Addition | 11,068 | 64,493 | 56,721 | **132,281** |
| Disposals | (54) | (10,077) | 0 | **(10,131)** |
| Reclassifications | 26,264 | 86,785 | (113,048) | **0** |
| As at 31/12/2024 | 1,270,107 | 5,020,698 | 141,817[1] | **6,432,622** |
| Accumulated depreciation | | | | |
| As at 01/01/2024 | (497,379) | (2,759,313) | (24,786) | **(3,281,478)** |
| Currency translation adjustment | (11,456) | (48,208) | (1,353) | **(61,017)** |
| Depreciation | (35,488) | (188,422) | 0 | **(223,910)** |
| Impairment | (3,751) | 0 | 0 | **(3,751)** |
| Disposals | 0 | 8,464 | 0 | **8,464** |
| As at 31/12/2024 | (548,073) | (2,987,479) | (26,139) | **(3,561,691)** |
| Carrying amount as at 01/01/2024 | 698,131 | 1,998,835 | 168,747 | **2,865,713** |
| **Carrying amount as at 31/12/2024** | **722,034** | **2,033,219** | **115,678** | **2,870,931** |

1) The down payments amounted to EUR 3,798 thousand as at December 31, 2024. The decrease in down payments by EUR 2,348 thousand compared to December 31, 2023, arises from currency translation differences of EUR 79 thousand, and reductions in down payments rendered of EUR minus 2,428 thousand.

**Development of property, plant and equipment (previous year)** **EUR '000**

| 2023 | Land and buildings | Technical equipment and machinery, factory and office equipment | Down payments and assets under construction | Total |
|---|---|---|---|---|
| Cost | | | | |
| As at 01/01/2023 | 1,147,829 | 4,551,155 | 411,633 | 6,110,618 |
| Currency translation adjustment | (27,331) | (84,657) | (14,349) | **(126,337)** |
| Addition | 27,438 | 106,473 | 97,392 | **231,302** |
| Disposals | (18) | (10,780) | (57,595) | **(68,392)** |
| Reclassifications | 47,591 | 195,958 | (243,549) | **0** |
| As at 31/12/2023 | 1,195,510 | 4,758,149 | 193,533[1] | 6,147,191 |
| Accumulated depreciation | | | | |
| As at 01/01/2023 | (372,433) | (2,299,382) | (25,697) | (2,697,512) |
| Currency translation adjustment | 7,280 | 32,506 | 911 | **40,697** |
| Depreciation | (38,100) | (210,308) | 0 | **(248,408)** |
| Impairment | (94,127) | (292,000) | (57,458) | **(443,586)** |
| Disposals | 0 | 9,871 | 57,458 | **67,329** |
| As at 31/12/2023 | (497,379) | (2,759,313) | (24,786) | (3,281,478) |
| Carrying amount as at 01/01/2023 | 775,396 | 2,251,773 | 385,936 | **3,413,106** |
| **Carrying amount as at 31/12/2023** | **698,131** | **1,998,835** | **168,747** | **2,865,713** |

1) The down payments rendered amounted to EUR 6.146 thousand as at December 31, 2023. The decrease in down payments of EUR 7.969 thousand compared to December 31, 2022, arises from reclassifications of EUR minus 6.493 thousand, currency translation differences of EUR (130) thousand and reductions in down payments of EUR (1.347) thousand.

Property, plant and equipment are measured at cost, including capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated according to the straight-line method based on the estimated useful lives. The estimated useful lives of the major asset classes are as follows:

**Useful lives for property, plant and equipment**

| | Years |
|---|---|
| Land use rights | 30 to 50 |
| Buildings | 10 to 50 |
| Fiber and pulp production lines | 5 to 15 |
| Energy production plants | 4 to 25 |
| Other machinery | 4 to 20 |
| Vehicles | 4 to 20 |
| Office equipment and other fixtures and fittings | 2 to 10 |
| IT hardware | 2 to 7 |

All items of property, plant and equipment are tested for impairment in accordance with IAS 36 if there are any indications that these assets may be impaired (see note 10).

## Operating leases as a lessor

Operating leases are in place for land and buildings with acquisition cost of EUR 42,622 thousand as at December 31, 2024 (December 31, 2023: EUR 37,164 thousand). The carrying amount of this land and buildings is EUR 9,262 thousand as at December 31, 2024 (December 31, 2023: EUR 7,177 thousand). Depreciation of EUR 808 thousand was recognized on these assets in the 2024 financial year (2023: EUR 686 thousand). For further details on rental income from operating leases see note 20.

## Capitalization of borrowing costs

Borrowing costs of EUR 2,574 thousand for property, plant and equipment were capitalized in 2024 (2023: EUR 5,928 thousand). The weighted average interest rate equaled 3.02 percent (2023: 2.97 percent)

The Lenzing Group defines qualifying assets as construction projects or other assets that require at least twelve months to be ready for their intended use or sale. The capitalization entries are recorded under “financing costs” and the respective asset account. All other borrowing costs are expenses in the period incurred and reported under financial result.

# Note 19. Biological assets

Biological assets comprise standing trees of a plantation in Minas Gerais, Brazil, which are used as a raw material for pulp production. In accordance with IAS 41 (Agriculture), biological assets are presented at fair value in the consolidated statement of financial position. The plantation is recognized at level 3 of the fair value less estimated costs to sell at the harvest. It is assumed that fair values can be measured. Measurement of biological assets is monitored and reviewed by the Lenzing Group. The necessary market data are validated on the basis of the dual control principle.

The measurement is based on a discounted cash flow model on the basis of sustainable forest management plans, industry benchmarks for wood prices and delivery costs and taking into account the growth cycle. A wood price based on a multi-quarter average of industry benchmarks is used for the valuation. The annual harvest from the projected tree growth is multiplied by wood prices, and the forestry and harvesting costs are deducted. The fair value of the plantation is measured as the present value of the harvest from one growth cycle on the basis of the productive forest area, taking into account environmental restrictions and other reservations. In particular, the calculated fair value would increase (decrease) if both the timber price and the timber volume were to increase (decrease). The calculated fair value would decrease (increase) if the discount rate were to increase (decrease).

Young standing timber less than one year old is considered an immature asset and is recognized at cost. When harvested, biological assets are transferred to the item inventories of the consolidated statement of financial position. Changes in the fair value of hedging instruments in relation to the foreign exchange risk are recognized in the income statement under the cost of sales.

As at December 31, 2024, the plantation comprised approximately 40,817 hectares of eucalypt wood (December 31, 2023: 41,204 hectares) and 497 hectares of pine wood (December 31, 2023: 714 hectares). The wood is up to 15 years (December 31, 2023: 15 years) old. Wood amounting to EUR 15,736 thousand (December 31, 2023: EUR 9,893 thousand) is less than one year old and therefore considered an immature asset.

Biological assets developed as follows:

**Development of biological assets** EUR '000

| | 2024 | 2023 |
|---|---|---|
| As at 01/01 | 194,759 | 127,735 |
| Acquisition | 7,259 | 0 |
| Capitalized production costs | 37,076 | 38,360 |
| Depletion | (63,037) | (51,276) |
| Change in the fair value | 5,195 | 85,997 |
| Currency translation adjustment | 10,965 | (6,058) |
| **As at 31/12** | **192,217** | **194,759** |

The capitalized production costs include capitalized borrowing costs of EUR 14,669 thousand (2023: EUR 15,566 thousand), the financing cost rate of which is 14.1 percent (2023: 14.1 percent). The depletion-based depreciation relates to reductions in biological assets as a result of the harvest. The gains and losses from the change in the fair value of biological assets in the amount of EUR 32,199 thousand (2023: EUR 80,102 thousand) are included in the cost of sales. They consist of the regular remeasurement of EUR 5,195 thousand (2023: EUR 85,997 thousand) and foreign currency gains/losses of EUR 27,004 thousand (2023: EUR minus 5,895 thousand) from the remeasurement of the lease liability for the land use right which is directly related to the plantation.

The following assumptions were made:

**Assumptions of level 3 input factors for biological assets**

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Market price EUR/m³ | 22.01 | 18.84 |
| Discount rate | 7.96% | 7.63% |
| Wood volume m³ | 8,414,007 | 10,368,336 |

A change in key input factors which cannot be observed on the market would have the following effects on the measurement of biological assets:

**Sensitivity analysis of level 3 input factors for biological assets as at 31/12/2024** EUR '000

| | Increase | Decrease |
|---|---|---|
| Change in the market price (+/- 10%) | 20,880 | (20,880) |
| Discount rate (+/- 1%) | (2,285) | 2,446 |
| Wood volume (+/- 5%) | 10,441 | (10,441) |

**Sensitivity analysis of level 3 input factors for biological assets as at 31/12/2023(previous year)** EUR '000

| | Increase | Decrease |
|---|---|---|
| Change in the market price (+/- 10%) | 20,349 | (20,349) |
| Discount rate (+/- 1%) | (1,317) | 1,404 |
| Wood volume (+/- 5%) | 10,175 | (10,175) |

# Note 20. Right-of-use assets

## The Lenzing Group as the lessee

The Lenzing Group has obligations from rental and lease agreements for property, plant and equipment, which are recognized as right-of-use-assets in the consolidated statement of financial position. The corresponding lease liabilities are reported as part of financial liabilities (see note 28).

The following table shows the development of right-of-use assets classified by type of asset:

**Development of right-of-use assets** EUR '000

| 2024 | Land and buildings | Technical equipment and machinery, factory and office equipment | Total |
|---|---|---|---|
| Carrying amount as at 01/01 | 120,017 | 14,531 | **134,547** |
| Addition | 5,071 | 8,026 | **13,097** |
| Disposals | (126) | (65) | **(191)** |
| Depreciation fiscal year | (7,028) | (7,745) | **(14,773)** |
| Currency translation adjustment | 6,435 | 216 | **6,651** |
| **Carrying amount as at 31/12** | **124,369** | **14,964** | **139,333** |

**Development of right-of-use assets (previous year)** EUR '000

| 2023 | Land and buildings | Technical equipment and machinery, factory and office equipment | Total |
|---|---|---|---|
| Carrying amount as at 01/01 | 58,401 | 14,360 | **72,761** |
| Addition | 71,978 | 6,488 | **78,466** |
| Disposals | (1,088) | (647) | **(1,735)** |
| Depreciation fiscal year | (6,832) | (5,536) | **(12,367)** |
| Currency translation adjustment | (2,443) | (134) | **(2,577)** |
| **Carrying amount as at 31/12** | **120,017** | **14,531** | **134,547** |

In the 2024 financial year, the main items included EUR 4,825 thousand of right-of-use assets recognized for wagons, EUR 2,720 thousand recognized for the index increase for land use rights, EUR 2,516 thousand for forklifts, cars and other vehicles, EUR 2,057 thousand for warehouses and open spaces and EUR 666 thousand for machinery.

In the 2023 financial year, the main items included EUR 68,015 thousand of right-of-use assets recognized for the index increase for land use rights, EUR 3,051 thousand recognized for wagons, EUR 2,392 thousand for buildings, and EUR 1,941 thousand for machinery. The disposals mainly relate to right-of-use assets of EUR 1,057 thousand for office premises and EUR 644 thousand for technical equipment.

The terms and conditions of the main leases can be summarized as follows:

- **Land use rights**: The biological assets (see note 19) are located on land which is not owned by the Lenzing Group. Land use rights are in place for this land. The lease has a term of 30 years, with an option to extend the lease by 19 years after 30 years. This extension option was not taken into account in estimating the expected term of the lease because the use of the biological assets in 30 years is not sufficiently certain from today's perspective. Price adjustment clauses exist.
- **Office and storage premises**: The leases have a term of up to five years and some contracts have an indefinite term. Ordinary useful lives were applied to office and storage premises with indefinite useful lives where economic exit barriers exist. These leases do not include an option to purchase the office and storage premises at the end of the contract term. Some of the leases include price adjustment clauses.
- **Wagons**: The leases have a term of up to 15 years. The option exists to terminate the contracts after a minimum term. Some of the leases have price adjustment clauses.
- **Wastewater treatment plant**: The lease agreement relates to a lease for an industrial primary clarifier and related expansion investments. The plant, including the land, will become the property of the Lenzing Group in the 2025 financial year in return for payment of a transfer fee.

Termination and extension options are considered when estimating the expected term of the leases if it is sufficiently certain that they will or will not be exercised. The Lenzing Group estimates that possible future cash outflows from extension options which were not taken into account in the measurement of the lease liability could result in an increase in the lease liability and the related future cash outflows by EUR 3,435 thousand (December 31, 2023: EUR 3,481 thousand).

The following expenses relating to leases were recognized in the consolidated income statement in the 2024 financial year.

**Expenses from leases** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Expenses relating to short-term leases | 8,548 | 9,216 |
| Expenses relating to variable leases | 12,631 | 12,995 |
| Expenses relating to leases of low-value assets | 1,963 | 1,351 |
| Non-lease components | 1,122 | 914 |
| Rental and leasing expenses | 24,264 | 24,476 |
| **Interest on lease liabilities = Financing costs** | **15,909** | **17,914** |

Short-term leases are leases with a term of less than one year. Where contracts have no term, leases are considered short-term leases if both parties have a right to terminate the contract, which can be exercised without the consent of the counterparty and no termination penalties or economic barriers exist. Leases for which only variable lease payments that are not coupled to an index or (interest) rate have been agreed are not capitalized as right-of-use assets.

Expenses relating to variable leases mainly include variable rental payments for warehouses based on monthly storage quantities.

The Lenzing Group has concluded several long-term power purchase agreements for electricity generated from renewable energy sources in order to achieve its climate targets and hedge against fluctuating prices (see note 37 "Commodity risk"). Some of the electricity purchase agreements are leases where the payments are entirely variable and are therefore included in the variable lease payments.

In the 2024 financial year, cash outflows for leases total EUR 49,225 thousand (2023: EUR 47,541 thousand). They include expenses relating to short-term and variable leases and to leases of low-value assets.

The rental and leasing expenses are fully cash-effective and included in cash flow from operating activities. The cash flows incurred in connection with the repayment of lease liabilities are explained in note 33.

All right-of-use assets are tested for impairment in accordance with IAS 36 if there are any indications that these assets may be impaired (see note 10).

## The Lenzing Group as the lessor

The future undiscounted minimum lease payments during the non-cancellable term of the leases relate primarily to land and buildings and are as follows, classified by year:

**Undiscounted annual minimum lease payments as lessor** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| In the following year | 3,990 | 3,972 |
| In the following 1 to 2 years | 3,680 | 3,637 |
| In the following 2 to 3 years | 3,680 | 3,637 |
| In the following 3 to 4 years | 3,674 | 3,637 |
| In the following 4 to 5 years | 3,670 | 3,637 |
| Thereafter | 0 | 1,325 |
| **Total** | **18,695** | **19,844** |

The most important lease involves land on which a recycling plant is operated. The lease payments are indexed. The lease was concluded for an indefinite term and can be canceled at the earliest as at December 31, 2029, subject to a six-year notice period.

Rental income for the 2024 financial year is shown in note 7.

The Lenzing Group classifies these leases as operating leases since the main risks and opportunities associated with ownership are retained.

# Note 21. Investments accounted for using the equity method

Investments accounted for using the equity method comprise the following:

**Carrying amounts of investments accounted for using the equity method** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Lenzing Papier GmbH (LPP) | 6,982 | 9,651 |
| Other associates | 4,832 | 4,836 |
| LD Florestal S.A. (LDF) | 13,033 | 16,425 |
| Other joint ventures | 107 | 134 |
| **Total** | **24,954** | **31,045** |

The main investments accounted for using the equity method include, in particular, the interest in Lenzing Papier GmbH (LPP), Lenzing, which is allocated to the “Others” segment, and LD Florestal S.A. (LDF), Indianópolis, Brazil, which is allocated to the Pulp Division segment. For the strategic importance of the other investments accounted for using the equity method and their relationship with the Lenzing Group, please see note 38.

Investments accounted for using the equity method developed as follows:

**Development of the carrying amounts of investments accounted for using the equity method** **EUR '000**

| 2024 | EFB | LPP | Other associates | LDF | Other joint ventures | Total |
|---|---|---|---|---|---|---|
| As at 01/01 | 0 | 9,651 | 4,836 | 16,425 | 134 | 31,045 |
| Share in profit or loss of investments accounted for using the equity method | 0 | 647 | 14 | (676) | 14 | 0 |
| Other comprehensive income – remeasurement of defined benefit liability | 0 | (36) | 0 | 0 | 0 | (36) |
| Other comprehensive income – foreign currency translation differences arising during the year and other | 0 | 0 | 22 | (2,716) | (2) | (2,696) |
| Distributions | 0 | (3,280) | (40) | 0 | (40) | (3,360) |
| **As at 31/12** | **0** | **6,982** | **4,831** | **13,033** | **107** | **24,954** |

**Development of the carrying amounts of investments accounted for using the equity method (previous year)** **EUR '000**

| 2023 | EFB | LPP | Other associates | LDF | Other joint ventures | Total |
|---|---|---|---|---|---|---|
| As at 01/01 | 4,193 | 4,270 | 4,813 | 13,079 | 127 | 26,483 |
| Result from remeasurement of investments accounted for using the equity method | (2,000) | 4,192 | 0 | 0 | 0 | 2,191 |
| Share in profit or loss of investments accounted for using the equity method | (2,342) | 3,951 | 124 | 2,796 | 9 | 4,537 |
| Other comprehensive income – remeasurement of defined benefit liability | 149 | (122) | 0 | 0 | 0 | 27 |
| Other comprehensive income – foreign currency translation differences arising during the year and other | 0 | 0 | (61) | 550 | (2) | 488 |
| Distributions | 0 | (2,640) | (40) | 0 | 0 | (2,680) |
| **As at 31/12** | **0** | **9,651** | **4,836** | **16,425** | **134** | **31,045** |

The Lenzing Group recognizes both, measurement effects and the results from investments accounted for using the equity method, together in income from investments accounted for using the equity method.

The Lenzing Group, as at December 31, 2024, held 20 percent of capital and voting rights in Equi-Fibres Beteiligungsgesellschaft mbH (EFB) which is not publicly listed as (December 31, 2023: 20 percent). The core business of EFB is the production and marketing of regenerated cellulosic fibers. The relations between the Lenzing Group and this company are described in note 38.

In October 2024, Kelheim Fibres GmbH (KFG), Kelheim, Germany, a wholly owned subsidiary of EFB, filed for insolvency under provisional self-administration. Insolvency proceedings were opened on January 1, 2025, and self-administration was ordered. Due to a lack of financial information, it is currently not possible to assess further developments. The previous business relationships (pulp deliveries) will continue against advance payment until further notice. As EFB only holds Kelheim as a participating interest, the value of its assets is directly affected by this insolvency application. An impairment loss was recognized for trade receivables (see notes 37, Credit risk and note 38).

An impairment loss of EUR 2,000 thousand was applied to the shares in EFB in the 2023 financial year (see note 12). As a consequence, the carrying amount of the shares in EFB stands at EUR 0 thousand as at December 31, 2024 (December 31, 2023: EUR 0 thousand).

Further, in the 2023 financial year, an impairment loss of EUR 7,564 thousand was recognized on the outstanding purchase price receivables and non-current loans due from the acquirer of EFB (and its subsidiaries) (see note 37, Credit risk). As a consequence, the carrying amounts of the outstanding purchase price receivable and the long-term loan due from the acquirer of EFB (including its subsidiaries) amounted to EUR 0 thousand as of December 31, 2024 (December 31, 2023: EUR 0 thousand). In addition, a long-term performance-related purchase price component exists, which depends on the company's future profitability. This is discounted to present value in the amount of EUR 0 thousand as at December 31, 2024 (December 31, 2023: EUR 0 thousand).

In summary, the insolvency filing of KFG in the 2024 financial year has no impact on the Lenzing Group's financial statements, due to impairment losses having already been applied in previous years as well as the impairment loss recognized in 2024.

In the 2024 financial year, losses relating to shares in the associate EFB were not recognized, as the Lenzing Group has no obligation with regard to such losses and no financial information relating to EFB is available for the 2024 financial year.

The Lenzing Group holds a lien on the remaining shares of EFB. This lien can be realized in the event of non-payment on the due date of the outstanding purchase price claim and of the long-term loan. In addition, the buyer was granted a credit line of up to EUR 1,376 thousand (December 31, 2023: EUR 1.376 thousand), which can be utilized in the event of predefined adverse changes in EFB's general conditions on the sales market until December 31, 2025, at the latest. As of December 31, 2024, and in the previous year as at December 31, 2023 this credit line had not been utilized.

Due to holdup relating to the insolvency proceedings under provisional self-administration of EFB that were opened on January 1, 2025 no financial information was available until the preparation of the IFRS consolidated financial statements of the Lenzing Group. The following table provides summarized financial information on EFB in accordance with IFRS (100 percent) for the 2023 financial year:

**Summarized financial information on EFB** EUR '000

| | 31/12/2023 |
|---|---|
| Non-current assets | 145,070 |
| Current assets | 58,968 |
| Equity | 52,016 |
| Non-current liabilities | 58,827 |
| Current liabilities | 93,195 |
| | **2023** |
| Revenue | 173,633 |
| Earnings before tax (EBT) | (15,788) |
| Total comprehensive income | (10,964) |
| Thereof net profit/loss after tax | (11,710) |
| Thereof other comprehensive income | 745 |

The reconciliation of equity to the carrying amount of the investment in EFB is as follows:

**Reconciliation of equity to carrying amount of the investment in EFB** EUR '000

| | 31/12/2023 |
|---|---|
| Equity | 52,016 |
| Thereof: | |
| Group's interest (20%; previous year: 20%) | 10,403 |
| Consolidation and other effects | (63) |
| Impairment | (10,340) |
| **Carrying amount** | **0** |

The Lenzing Group held 40 percent of capital and voting rights in LPP as at December 31, 2024 (December 31, 2023: 40 percent). The core business of LPP, which is not publicly listed, is the production of cellulose-based products, in particular paper. The relations between the Lenzing Group and this company are described in note 38.

The following table provides summarized financial information on LPP in accordance with IFRS (100 percent):

**Summarized financial information on LPP** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Non-current assets | 11,721 | 10,392 |
| Current assets | 27,925 | 30,779 |
| Equity | 17,735 | 24,406 |
| Non-current liabilities | 4,191 | 4,361 |
| Current liabilities | 17,721 | 12,403 |
| | **2024** | **2023** |
| Revenue | 95,443 | 102,064 |
| Earnings before tax (EBT) | 2,093 | 12,953 |
| Total comprehensive income | 1,529 | 9,956 |
| Thereof net profit/loss after tax | 1,618 | 9,878 |
| Thereof other comprehensive income | (89) | 78 |

The reconciliation of equity to the carrying amount of the investment in LPP is as follows:

**Reconciliation of equity to carrying amount of the investment in LPP** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Equity | 17,735 | 24,406 |
| Thereof: | | |
| Group's interest (40%; previous year: 40%) | 7,094 | 9,763 |
| Consolidation and other effects | (112) | (112) |
| Impairment | 0 | 0 |
| **Carrying amount** | **6,982** | **9,651** |

The Lenzing Group held 50 percent of the capital and voting rights in LDF as at December 31, 2024 (December 31, 2023: 50 percent). The core business of LDF, which is not publicly listed, is granting rights of use. The relations between the Lenzing Group and this company are described in note 38.

The following table provides summarized financial information on LDF in accordance with IFRS (100 percent):

**Summarized financial information on LDF** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Non-current assets | 200,088 | 207,991 |
| Current assets | 3,809 | 921 |
| Thereof cash and cash equivalents | 385 | 550 |
| Equity | 26,067 | 32,849 |
| Non-current liabilities | 168,484 | 170,298 |
| Thereof loans and borrowings (excluding trade payables, other liabilities and provisions) | 168,484 | 170,298 |
| Current liabilities | 9,346 | 5,765 |
| Thereof loans and borrowings (excluding trade payables, other liabilities and provisions) | 1,047 | 1,030 |
| | 2024 | 2023 |
| Revenue | 3,575 | 0 |
| Amortization and depreciation | (1,931) | (136) |
| Interest income | 13,283 | 14,367 |
| Interest expense | (15,574) | (14,917) |
| Income tax expense | 596 | (3) |
| Earnings before tax (EBT) | (1,743) | 2,983 |
| Total comprehensive income | (6,782) | 6,692 |
| Thereof net profit/loss after tax | (1,351) | 5,591 |
| Thereof other comprehensive income | (5,431) | 1,101 |

The reconciliation of equity to the carrying amount of the investment in LDF is as follows:

**Reconciliation of equity to carrying amount of the investment in LDF** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Equity | 26,067 | 32,849 |
| Thereof: | | |
| Group's interest (50%; previous year: 50%) | 13,033 | 16,425 |
| **Carrying amount** | **13,033** | **16,425** |

The investments in associates represent shares in companies in which the Lenzing Group can exert significant influence over financial and operating policies. Joint ventures are joint arrangements managed by the Lenzing Group together with one or more partners, whereby the Lenzing Group has rights to the net assets of the arrangement.

In October 2024, the Lenzing Group acquired a minority interest in Swedish cellulose fiber company TreeToTextile AB (TTT). TTT is engaged in the research, production, and distribution of sustainably regenerated celullosic fibers. The transaction is subject to regulatory approvals and is expected to be completed by the first half of 2025. The Lenzing Group cannot exert any significant influence over TTT until official approval has been granted. As a consequence, the purchase price including incidental acquisition costs of EUR 16,015 thousand is reported under other current assets (note 25) as at December 31, 2024.

# Note 22. Financial assets

Non-current financial assets comprise the following:

**Non-current other investments** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Non-current securities | 6,582 | 6,464 |
| Other equity investments | 12 | 12 |
| Originated loans | 30,512 | 14,561 |
| **Total** | **37,106** | **21,037** |

Details about the loans can be found in note 37 and note 38.

Current financial assets include shares in the company Spinnova OY, Jyväskylä, Finland, in the amount of EUR 439 thousand (December 31, 2023: EUR 3,869 thousand) and Oberbank ordinary shares in the amount of EUR 10,863 thousand (December 31, 2023: EUR 14,852 thousand). In the 2023 and 2024 financial years, a partial disposal of the interest in Spinnova OY, Jyväskylä, Finland, was realized at fair value of EUR 2,155 thousand (2023: EUR 1,615 thousand). The realized gain of EUR 1,912 thousand (2023: EUR 1,479 thousand) was already included in other comprehensive income and was reclassified to retained earnings net of taxes of EUR 440 thousand (2023: EUR 355 thousand). In addition, some of the Oberbank ordinary shares were sold in the 2023 and 2024 financial year at a fair value of EUR 4,931 thousand (2023: EUR 3,000 thousand). The realized gain of EUR 3,337 thousand (2023: EUR 1,949 thousand) was already included in other comprehensive income and was reclassified to retained earnings net of taxes of EUR 768 thousand (2023: EUR 468 thousand).

In the 2024 financial year, Oberbank ordinary shares paid dividends of EUR 156 thousand (2023: EUR 203 thousand).

## Note 23. Inventories

Inventories include the following components:

| Inventories | | EUR '000 |
|---|---|---|
| | 31/12/2024 | 31/12/2023 |
| Raw materials and supplies | 386,964 | 285,329 |
| Work in progress | 11,323 | 9,184 |
| Finished goods and merchandise | 244,513 | 254,425 |
| Advance payments made | 3,434 | 4,002 |
| **Total** | **646,235** | **552,940** |

Raw materials and supplies consist primarily of wood for pulp production, pulp and chemicals for cellulosic fiber production and various incidentals. The cost of raw materials and supplies is calculated using the weighted average cost method. Finished goods and work in progress include cellulosic fibers, co-products of fiber production, pulp and biorefinery-products.

In the financial year under review, write-downs to reflect the net realizable value of inventories amount to EUR 8,085 thousand (2023: EUR 44,939 thousand). Expenses for inventories, which are included in the cost of material totaled EUR 1,159,992 thousand (2023: EUR 1,190,680 thousand).

## Note 24. Trade receivables

Trade receivables comprise the following:

| Trade receivables | | EUR '000 |
|---|---|---|
| | 31/12/2024 | 31/12/2023 |
| Trade receivables (gross) | 325,057 | 300,353 |
| Bad debt provisions | (6,875) | (5,874) |
| **Total** | **318,182** | **294,480** |

All trade receivables are classified as current assets. For further information on trade receivables, please refer to note 35 (section "Transfer of financial assets (sale of receivables/factoring)") and note 37 (section "Credit risk").

## Note 25. Other assets

Other non-current assets comprise the following:

| Other non-current assets | | EUR '000 |
|---|---|---|
| | 31/12/2024 | 31/12/2023 |
| Other non-current financial assets (particularly from derivatives and other financial receivables) | 1,409 | 26,580 |
| Other non-current non-financial assets (particularly from other taxes) | 57,389 | 48,897 |
| **Total** | **58,798** | **75,477** |

Other current assets comprise the following:

| Other current assets | | EUR '000 |
|---|---|---|
| | 31/12/2024 | 31/12/2023 |
| Other current financial assets | | |
| Recharging of maintenance services | 11,450 | 9,991 |
| Unadvanced amount from factoring agreements | 8,431 | 7,740 |
| Derivatives not yet settled (open positions) | 2,099 | 12,180 |
| Sundry | 4,804 | 5,537 |
| | **26,786** | **35,448** |
| Other current non-financial assets | | |
| Emission certificates | 93,256 | 83,047 |
| Receivables from other taxes and duties | 37,285 | 72,428 |
| Advance payments made | 21,098 | 3,865 |
| Prepaid expenses | 8,242 | 8,017 |
| Sundry | 1,081 | 263 |
| | 160,962 | 167,621 |
| **Total** | **187,747** | **203,069** |

The advance payments as at December 31, 2024 include the acquisition of shares in TreeToTextile AB for an amount of EUR 16,015 thousand, including incidental acquisition costs (see note 21).

# Note 26. Equity

## Share capital and capital reserves

The share capital of Lenzing AG totaled EUR 40,107,738.37 as at December 31, 2024 (December 31, 2023: EUR 40,107,738.37) and is divided into 38,618,180 zero par value shares (December 31, 2023: 38,618,180 shares). The proportion of share capital attributable to one share equals roughly EUR 1.04. Each ordinary share represents an equal interest in capital and conveys the same rights and obligations, above all the right to a resolved dividend and the right to vote at the Annual General Meeting. The issue price of the shares is fully paid in. No other classes of shares have been issued.

By resolution of the Annual General Meeting on April 18, 2024, the Managing Board was again authorized, with Supervisory Board consent, to purchase treasury shares in a volume of up to 10 percent of the share capital for a maximum of 30 months from the date of the resolution. The same conditions concerning the purchase of treasury shares apply as in the Annual General Meeting resolution of April 26, 2022, which was revoked by the above resolution.

The Annual General Meeting on April 19, 2023 authorized the Managing Board – while at the same time canceling the resolutions regarding this matter of the Annual General Meeting of April 12, 2018 – subject to the approval of the Supervisory Board, to increase share capital by up to EUR 13,787,034.68 through the issue of up to 13,274,999 zero par value shares ("authorized capital") – also in tranches – in exchange for cash and/or contributions in kind, within five years from entry in the commercial register. The proportion of authorized capital attributable to one share equals roughly EUR 1.04. This authorized capital was recorded in the commercial register on May 26, 2023.

With effect from July 2023, Lenzing AG carried out a capital increase that had been approved by the Annual General Meeting on April 19, 2023. A total of 12,068,180 new shares were issued. The share capital was fully paid in. The change in share capital and capital reserves is attributable to this capital increase.

In addition, a resolution of the Annual General Meeting on April 19, 2023 authorized the Managing Board – while at the same time canceling the resolutions regarding this matter of the Annual General Meeting of April 12, 2018 – to issue, subject to the approval of the Supervisory Board, convertible bonds by April 19, 2028 in one or several tranches that grant or provide for the subscription or conversion right or a subscription or conversion obligation for up to 13,274,999 shares of the company ("contingent capital"). They can be serviced through the contingent capital and/or treasury shares.

The Managing Board did not utilize the authorizations existing on or before December 31, 2024, to issue convertible bonds and buy back treasury shares in the reporting period.

The capital reserves represent appropriated reserves of Lenzing AG that may only be used to offset an accumulated loss by Lenzing AG. These reserves were created from the inflow of funds received by Lenzing AG from shareholders in excess of share capital.

## Other reserves

Other reserves include all accumulated other comprehensive income and consist of the foreign currency translation reserve, the reserve for financial assets measured at fair value through other comprehensive income, the hedging reserve and actuarial gains/losses.

**Other reserves (Equity attributable to shareholders of Lenzing AG and to hybrid capital owners)** **EUR '000**

| | Foreign currency translation reserve | Financial assets measured at fair value through other comprehensive income | Hedging reserve and non-designated components | Actuarial gains/losses | Total |
|---|---|---|---|---|---|
| As at 01/01/2023 | 97,517 | 15,635 | 16,473 | (39,463) | 90,161 |
| Other comprehensive income | (33,844) | (3,412) | (23,038) | (4,329) | (64,623) |
| Tax effect | 2,061 | 751 | 5,623 | 1,013 | 9,448 |
| **After tax** | **(31,783)** | **(2,662)** | **(17,415)** | **(3,315)** | **(55,175)** |
| Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory | 0 | 0 | (3,276) | 0 | (3,276) |
| Tax effect | 0 | 0 | 856 | 0 | 856 |
| **After tax** | **0** | **0** | **(2,420)** | **0** | **(2,420)** |
| Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings | 0 | (3,428) | 0 | 0 | (3,428) |
| Tax effect | 0 | 823 | 0 | 0 | 823 |
| **After tax** | **0** | **(2,605)** | **0** | **0** | **(2,605)** |
| Other reclassification | 0 | 0 | 0 | 0 | 0 |
| As at 31/12/2023 = 01/01/2024 | 65,733 | 10,368 | (3,362) | (42,779) | 29,961 |
| Other comprehensive income | 37,388 | (334) | (17,141) | (2,830) | 17,082 |
| Tax effect | 2,260 | 1,889 | 4,956 | (11,251) | (2,146) |
| **After tax** | **39,648** | **1,555** | **(12,186)** | **(14,081)** | **14,936** |
| Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory | 0 | 0 | 2,289 | 0 | 2,289 |
| Tax effect | 0 | 0 | (823) | 0 | (823) |
| **After tax** | **0** | **0** | **1,466** | **0** | **1,466** |
| Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings | 0 | (5,250) | 0 | 0 | (5,250) |
| Tax effect | 0 | 1,207 | 0 | 0 | 1,207 |
| **After tax** | **0** | **(4,042)** | **0** | **0** | **(4,042)** |
| Other reclassification | 366 | 0 | (360) | (6) | 0 |
| **As at 31/12/2024** | **105,747** | **7,881** | **(14,441)** | **(56,867)** | **42,321** |

The hedging reserve developed as follows:

**Changes in the hedging reserve** EUR '000

| | 2024 | 2023 |
|---|---|---|
| Gains/losses recognized in the reporting period from the valuation of cash flow hedges | | |
| From gas swaps | 2,964 | (18,268) |
| From forward foreign exchange contracts | (21,450) | 13,911 |
| From interest rate- and currency-interest rate swaps | 526 | 3,841 |
| | **(17,960)** | **(516)** |
| Reclassification to profit or loss of amounts relating to cash flow hedges | | |
| From gas swaps | 6,444 | 16,500 |
| From forward foreign exchange contracts | 3,935 | (19,607) |
| From interest rate- and currency-interest rate swaps | (28,091) | (21,035) |
| | **(17,712)** | **(24,142)** |
| **Total** | **(35,672)** | **(24,658)** |

The fair value changes from cash flow hedges recognized in the reporting period relate to hedging against currency risks from the operating business, hedging against interest rate/currency risks from taking out loans, and hedging against gas price risks (see note 35, section "Derivative financial instruments and hedges").

The above amounts from the reclassification to profit or loss of cash flow hedges from gas swaps and forward foreign exchange contracts are reported primarily as part of earnings before interest and tax (EBIT), mainly under revenue and cost of sales. The above amounts from the reclassification to profit or loss of cash flow hedges from interest rate- and currency-interest rate swaps are reported under financial result.

## Retained earnings

Retained earnings comprise the following:

**Retained earnings** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Unappropriated revenue reserves of Lenzing AG under Austrian law (Austrian Commercial Code – öUGB) | 202,023 | 284,907 |
| Accumulated profits of Lenzing AG under Austrian law (Austrian Commercial Code – öUGB) | 0 | 0 |
| Earnings attributable to subsidiaries, including the effect of adjusting the financial statements of Lenzing AG and its subsidiaries from local regulations to IFRS | 15,338 | 75,374 |
| **Total (excl. other reserves)** | **217,361** | **360,281** |

The unappropriated revenue reserves of Lenzing AG can be released at any time and distributed to shareholders as part of accumulated profits. Austrian law only permits the distribution of dividends from accumulated profits as stated in the approved annual financial statements of the parent company prepared in accordance with the Austrian Commercial Code.

No dividends were resolved and distributed to the shareholders of Lenzing AG for the 2024 and 2023 financial years.

The loss for the year according to the Austrian Commercial Code (UGB) for the 2024 financial year of Lenzing AG is to be appropriated as follows:

**Appropriaton of the 2024 net loss** EUR '000

| | |
|---|---|
| Lenzing AG closed the 2024 financial year with loss under the Austrian law (öUGB) of | (82,884) |
| after the reversal of (distributable) revenue reserves | 82,884 |
| **remains an accumulated profit of** | **0** |

## Hybrid capital

In December 2020, a subordinated perpetual bond (hybrid capital) with a total volume of EUR 500,000 thousand and a coupon of 5.75 percent was issued. The hybrid capital has a perpetual tenor and can be called or re-deemed by Lenzing AG on December 7, 2025 at the earliest. Investors have no call rights. If the hybrid capital is not called, the hybrid capital will carry a changed interest rate from December 8, 2025 (then applicable 5-year swap rate plus a margin of 11.208 percent).

Interest will be due and payable in arrears on December 7 of each year unless Lenzing AG decides to defer such interest payment. Outstanding deferred interest must be paid under certain circumstances, in particular when the Annual General Meeting of Lenzing AG resolves to pay a dividend.

The bond meets the criteria for equity pursuant to IAS 32 (Financial Instruments: Presentation). Accordingly, coupons are presented as part of appropriation of profits in the consolidated income statement.

## Non-controlling interests

Non-controlling interests represent the investments held by third parties in consolidated group companies. The Group companies with non-controlling interests are listed in note 41 under "Consolidated companies". These are companies in which the Lenzing Group holds an interest of less than 100 percent.

Of the non-controlling interests as at December 31, 2024, EUR 341,556 thousand (December 31, 2023: EUR 308,186 thousand) related to LD Celulose S.A. (LDC), Indianópolis, Brazil including its wholly owned subsidiary, LD Celulose International GmbH (LDI), Vienna, which is allocated to the Pulp Division segment. As of December 31, 2024 the non-controlling shareholders held 49.0 percent (December 31, 2023: 49.0 percent) of the capital and voting rights of the non-listed LDC, and have a put option to sell their shares (see note 3 and note 35). LDC's core business consists of the production and sale of pulp.

The following table provides summarized financial information on LDC (including LDI) in accordance with IFRS (100 percent):

**Summarized financial information on LDC (inclusive LDI)** **EUR '000**

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Non-current assets | 1,613,096 | 1,606,247 |
| Current assets | 252,156 | 221,524 |
| Equity | 697,054 | 628,951 |
| Thereof equity attributable to shareholders of Lenzing AG | 355,497 | 320,765 |
| Thereof equity attributable to non-controlling interests | 341,556 | 308,186 |
| Non-current liabilities | 1,037,534 | 929,861 |
| Current liabilities | 130,665 | 268,960 |
| | **2024** | **2023** |
| Revenue | 503,209 | 449,270 |
| Earnings before tax (EBT) | 47,921 | 117,452 |
| Total comprehensive income | (6,279) | 71,016 |
| Thereof net profit/loss after tax | (18,393) | 94,093 |
| Net profit/loss after tax attributable to shareholders of Lenzing AG | (9,380) | 47,987 |
| Net profit/loss after tax attributable to non-controlling interests | (9,012) | 46,105 |
| Thereof other comprehensive income | 12,114 | (23,076) |
| Other comprehensive income attributable to shareholders of Lenzing AG | 6,178 | (11,769) |
| Other comprehensive income attributable to non-controlling interests | 5,936 | (11,307) |
| Cash flow from operating activities | 171,112 | 102,438 |
| Cash flow from investing activities | (62,606) | (57,815) |
| Cash flow from financing activities | (116,001) | (12,401) |
| Change in cash and cash equivalents | (7,495) | 32,221 |
| Dividends paid to non-controlling interests | 0 | 0 |

The following shares of other comprehensive income are attributable to non-controlling interests in the subsidiaries of Lenzing AG:

**Other comprehensive income attributable to non-controlling interests** **EUR '000**

| | 2024 | 2023 |
|---|---|---|
| **Items that will not be reclassified subsequently to profit or loss** | | |
| Remeasurement of defined benefit liability | (10) | (29) |
| Income tax relating to these components of other comprehensive income | 2 | 6 |
| **Items that may be reclassified to profit or loss** | | |
| Foreign operations – foreign currency translation differences arising during the year | 17,938 | (10,502) |
| Cash flow hedges – effective portion of changes in fair value recognized during the year and non-designated components | (18,530) | (1,620) |
| Income tax relating to these components of other comprehensive income | 6,300 | 792 |
| **Other comprehensive income (net of tax)** | **5,701** | **(11,353)** |

## Note 27. Government grants

The amount accrued under this item resulted primarily from grants for investments in environmental protection and for general investment support.

Investment grants are reported as liabilities and recognized in profit or loss on a straight-line basis over the useful life of the subsidized investments as “Income from the release of investment grants”.

Government grants for cost reimbursements are recognized as other income in the period in which the related costs are incurred, unless the receipt of the grant is contingent on conditions that are not yet sufficiently likely to occur. Receivables from funding commitments are reported under other assets on the consolidated statement of financial position.

Government grants of EUR 15,067 thousand were recognized in profit or loss in the reporting period (2023: EUR 23,414 thousand), resulting predominantly from promotion of research activities and energy topics. Any conditions attached to the grants were fulfilled and repayment, in full or in part, is therefore considered unlikely.

Government grants also included EUR 82,069 thousand of emission certificates as at December 31, 2024 (December 31, 2023: EUR 70,501 thousand). In accordance with Directive 2003/87/EC of the European Parliament and the European Council on a system for trading greenhouse gas emission certificates, a total of 367,108 EU-emission certificates and 23,167 UK-emission certificates were allocated free of charge to the relevant companies in the Lenzing Group for 2024 through national allocation plans (2023: 374,539 EU-emission certificates and 23,167 UK-emission certificates).

Emission certificates are capitalized at fair value at the time of allocation and reported under other current assets (see note 25). The difference between the fair value and the purchase price paid by the company for the emission certificates is recorded under government grants. At the end of each reporting period, a provision is recognized for the certificates used up to that date. The amount of the provision is based on the recognized asset value of the certificates if they are covered by certificates held by the company at this reporting date. If the certificates used exceed the certificates held, the provision is based on the fair value of the certificates (to be purchased subsequently) as at the relevant reporting date. Future laws and commitments on emissions, especially in the countries of the Lenzing Group's production sites, could lead to further precautionary measures in the future.

No emission certificates were sold in the 2024 financial year. In the 2023 financial year, 500,000 EU emission certificates were sold, which had been allocated to the Lenzing Group free of charge. The income from the sale in the 2023 financial year amounted to EUR 40,653 thousand and is included in other operating income (see note 7).

In the 2024 financial year expenses for emission certificates amounted to EUR 2,037 thousand (2023: EUR 17,995 thousand).

# Note 28. Financial liabilities

The following table shows the composition of financial liabilities as at December 31:

| Loans and borrowings | 31/12/2024 | | | | 31/12/2023 | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|
| | Currency | Nominal value | Carrying amount | Average effective interest in % | Currency | Nominal value | Carrying amount | Average effective interest in % |
| **Bond** | | | | | | | | |
| Fixed interest | USD | 650,000 | 608,553 | 7.9 | EUR | 0 | 0 | n/a |
| | | | **608,553** | | | | **0** | |
| **Private placements** | | | | | | | | |
| Fixed interest | EUR | 170,500 | 170,345 | 1.5 | EUR | 290,500 | 290,229 | 1.5 |
| Floating rate interest | EUR | 164,000 | 163,864 | 4.9 | EUR | 219,000 | 218,753 | 4.2 |
| Floating rate interest | USD | 0 | 0 | 0.0 | USD | 65,000 | 58,824 | 1.9 |
| | | | **334,208** | | | | **567,805** | |
| **Bank loans** | | | | | | | | |
| **Loans:** | | | | | | | | |
| Fixed interest | EUR | 333,175 | 254,725 | 1.6 | EUR | 474,775 | 353,345 | 1.5 |
| Fixed interest | USD | 0 | 0 | n/a | USD | 147,200 | 108,439 | 3.3 |
| Fixed interest | CNY | 94,000 | 12,330 | 3.6 | CNY | 117,015 | 14,905 | 4.1 |
| Floating rate interest | EUR | 392,152 | 352,777 | 4.8 | EUR | 311,813 | 256,426 | 2.1 |
| Floating rate interest | USD | 350,000 | 313,909 | 8.0 | USD | 1,000,000 | 816,483 | 6.9 |
| **Operating loans[1]:** | | | | | | | | |
| Floating rate interest | CNY | 410,000 | 53,782 | 3.1 | CNY | 390,000 | 49,676 | 3.4 |
| Floating rate interest | USD | 21,721 | 20,798 | 6.6 | USD | 98,254 | 88,619 | 8.1 |
| | | | **1,008,322** | | | | **1,687,892** | |
| **Lease liabilities** | | | | | | | | |
| Fixed interest | EUR | 123,862 | 123,862 | 12.0 | EUR | 142,107 | 142,107 | 16.9 |
| | | | **123,862** | | | | **142,107** | |
| **Loans from other lenders** | | | | | | | | |
| Fixed interest | EUR | 4,972 | 4,949 | 0.7 | EUR | 9,926 | 9,790 | 0.7 |
| Fixed and floating rate interest | EUR | 28,100 | 28,100 | 0.5 | EUR | 28,100 | 28,100 | 0.6 |
| | | | **33,049** | | | | **37,890** | |
| **Total** | | | **2,107,994** | | | | **2,435,694** | |
| Thereof current | | | 279,449 | | | | 528,992 | |
| Thereof non-current | | | 1,828,545 | | | | 1,906,702 | |

1) Revolving credit agreements and overdrafts

In the reporting year, a bond with a final maturity in January 2032 and a fixed interest rate of 7.950% was issued. Details about this financing are presented in note 35 and note 37.

Bank loans of EUR 922,462 thousand (December 31, 2023: EUR 924,922 thousand) are secured by pledged property, plant and equipment in the amount of EUR 1,109,094 thousand (December 31, 2023: EUR 758,869 thousand), and biological assets in the amount of EUR 192,217 thousand (December 31, 2023: EUR 204,856 thousand). In addition, the shares in LD Celulose S.A., Indianópolis, Brazil, have been pledged.

Furthermore, of the reported financial liabilities, EUR 20,798 thousand (December 31, 2023: EUR 53,259 thousand) are secured by receivables.

The next interest rate adjustment for the floating rate loans and partially fixed rate loans will take place within the next six months, depending on the loan agreement. The conditions for loans that can be utilized multiple times (revolving loans) are fixed for a certain period and generally carry floating interest rates.

Other loans primarily involve obligations to the Austrian fund for the promotion of research in industry ("Forschungsförderungsfonds der gewerblichen Wirtschaft") and the ERP fund.

## Note 29. Deferred taxes (deferred tax assets and liabilities) and current taxes

Deferred tax assets and liabilities relate to the following items on the statement of financial position:

**Deferred tax assets** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Intangible assets and property, plant and equipment | 46,950 | 74,628 |
| Other investments | 37,889 | 965 |
| Inventories | 11,282 | 12,149 |
| Other assets | 1,196 | 1,943 |
| Provisions | 11,636 | 17,217 |
| Investment grants | 96 | 121 |
| Lease liabilities | 38,844 | 45,030 |
| Other liabilities | 50,960 | 10,526 |
| Loss carryforwards | 219,736 | 180,427 |
| **Gross deferred tax assets – before valuation allowance** | **418,589** | **343,005** |
| Valuation allowance on deferred tax assets | (297,295) | (197,441) |
| Thereof relating to tax loss carryforwards | (203,328) | (125,418) |
| Thereof relating to temporary differences | (93,967) | (72,023) |
| **Gross deferred tax assets** | **121,295** | **145,564** |
| Offsettable against deferred tax liabilities | (116,964) | (97,005) |
| **Net deferred tax assets** | **4,331** | **48,559** |

**Deferred tax liabilities** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Intangible assets and property, plant and equipment | 97,867 | 25,799 |
| Right-of-use assets | 44,538 | 42,834 |
| Biological assets | 24,739 | 23,324 |
| Other investments | 14,647 | 9,579 |
| Inventories | 2,332 | 603 |
| Other assets | 7,001 | 8,700 |
| Investment grants | 199 | 253 |
| Other liabilities | 243 | 26,011 |
| **Gross deferred tax liabilities** | **191,566** | **137,103** |
| Offsettable against deferred tax assets | (116,964) | (97,005) |
| **Net deferred tax liabilities** | **74,602** | **40,098** |

Of the total gross deferred tax assets, EUR 30,819 thousand (December 31, 2023: EUR 25,202 thousand) are due within one year. Of the total gross deferred tax liabilities, EUR 8,528 thousand (December 31, 2023: EUR 4,229 thousand) are due within one year. The remaining amounts are due in more than one year.

Deferred taxes developed as follows:

**Development of deferred taxes** EUR '000

| | 2024 | 2023 |
|---|---|---|
| As at 01/01 | 8,461 | (68,525) |
| Recognized in profit or loss | (79,651) | 62,895 |
| Recognized in other comprehensive income | 2,556 | 12,748 |
| Acquisition of corporate units | 0 | 215 |
| Currency translation adjustment | (1,638) | 1,129 |
| **As at 31/12** | **(70,271)** | **8,461** |

The Group held tax loss carryforwards of EUR 966,073 thousand as at December 31, 2024 (December 31, 2023: EUR 808,080 thousand). The existing tax loss carryforwards can be utilized as follows:

**Loss carryforwards (assessment basis)** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Total | 966,073 | 808,080 |
| Thereof capitalized loss carryforwards | 48,389 | 239,169 |
| Thereof non-capitalized loss carryforwards | 917,684 | 568,911 |
| **Possible expiration of non-capitalized loss carryforwards** | | |
| Within 1 year | 79,328 | 51,485 |
| Within 2 years | 42,732 | 78,168 |
| Within 3 years | 141,299 | 40,565 |
| Within 4 years | 188,380 | 140,430 |
| Within 5 years or longer | 145,012 | 181,428 |
| Unlimited carryforward | 320,934 | 76,835 |

As of December 31 2024, deferred tax assets totaling EUR 4,331 thousand (December 31, 2023: EUR 48,559) were capitalized. Of this amount, EUR 1,844 (December 31, 2023: EUR 46,786 thousand) are attributable to deferred tax assets relating to Group units that generated losses in either the past or previous year. If there is no substantial evidence for recoverability, deferred tax assets are recognized to the extent that sufficient taxable temporary differences exist.

The valuation allowance on deferred tax assets relates mainly to companies based in Austria in the amount of EUR 96,723 thousand (December 31, 2023: EUR 16,519 thousand), in China in the amount of EUR 33,340 thousand (December 31, 2023: EUR 34,120 thousand), in Indonesia in the amount of EUR 113,622 thousand (December 31, 2023: EUR 104,881 thousand), in the USA in the amount of EUR 7,668 thousand (December 31, 2023: EUR 6,545 thousand) and in Thailand in the amount of EUR 45,946 thousand (December 31, 2023: EUR 35,428 thousand). Certain loss carryforwards were not capitalized because their usability is restricted. If all tax loss carryforwards could be utilized in full, the deferred tax assets on loss carryforwards would total EUR 219,736 thousand (December 31, 2023: EUR 180,427 thousand) instead of EUR 16,408 thousand (December 31, 2023: EUR 55,009 thousand).

The financial assets and other assets shown under deferred tax assets in the above table include amounts for outstanding partial write-downs to investments in accordance with Section 12 Para. 3 no. 2 of the Austrian Corporation Tax Act ("Siebentelabschreibung", the partial write-downs of investments over a period of seven years for tax purposes) corresponding to a measurement base of EUR 179,362 thousand (December 31, 2023: EUR 7,335 thousand). Deferred tax assets on the total amount of outstanding partial write-downs to investments are recognized to the extent that taxable temporary differences exist. Partial write-downs of EUR 34,200 thousand were utilized for tax purposes in 2024 (2023: EUR 3,755 thousand).

The recoverability of deferred tax assets is generally based on the positive taxable results expected in the future – after the deduction of taxable temporary differences – in line with the forecasts approved by the Managing Board. These forecasts are also used for impairment testing (see note 10). The assessment of unused tax loss carryforwards and tax credits also involves the consideration of utilization requirements.

Deferred tax liabilities were not recognized for temporary differences with a measurement base of EUR 396,234 thousand (December 31, 2023: EUR 542,772 thousand) in connection with investments in subsidiaries, joint ventures and associates and the related proportional share of net assets held by group companies because the Lenzing Group is able to control the timing of the reversal of the temporary difference and these differences are not expected to reverse in the foreseeable future.

The receivables from current taxes include prepayments made to foreign taxation authorities. These amounts are recognized when the recoverability is probable, while valuation adjustments are made in all other cases. The gross carrying amount of non-current receivables from current taxes as at December 31, 2024 amounts to EUR 21,457 thousand (December 31, 2023: EUR 21,068 thousand). Payments are sometimes uncertain, especially the timing of payments due to the occasionally long duration of proceedings. For this reason, as at December 31, 2024, write-downs of EUR 4,596 thousand were recognized (December 31, 2023: EUR 4,887 thousand).

Current liabilities for current taxes include a provision for uncertain tax items of EUR 13,380 thousand (December 31, 2022: EUR 12,992 thousand) in connection with regular tax audit procedures.

On July 23, 2024, the B&C Group announced that a 25 percent interest in Lenzing AG had been transferred by way of an intragroup restructuring. This led to the withdrawal of Lenzing AG from the tax group with B&C Holding Österreich GmbH as the group parent and of Lenzing AG and further subsidiaries of Lenzing AG as group members pursuant to Section 9 of the Austrian Corporation Tax Act (ÖKStG).

As the financial link between B&C KB Holding GmbH and Lenzing AG ended retroactively during the year on December 1, 2023, the tax group of Lenzing AG was no longer financially linked to B&C KB Holding GmbH for its entire 2023 financial year. As a consequence, the group membership of all companies in the Lenzing AG tax group ended as at the end of the 2022 financial year, as this is the last financial year in which they were directly or indirectly financially linked to B&C KB Holding GmbH for their entire financial year. Until the 2023 financial year, a provision of EUR 48,001 thousand was formed for the obligation to retax the foreign losses recognized in the tax group's tax result. This provision was utilized in the course of the termination of the tax group with B&C Holding Österreich GmbH in the 2024 financial year in the amount of EUR 28,061 thousand and reversed in the amount of EUR 19,940 thousand. In addition, deferred tax assets were reversed in the 2024 financial year insofar as they were recognized on foreign loss carryforwards. Further details about the financial effects of the withdrawal from the tax group with B&C Holding Österreich GmbH are elucidated in note 38 (in the "Relationship with related companies" section).

Due to the retroactive withdrawal of Lenzing AG from the B&C tax group, no group taxation could be established for the former group members for the 2023 financial year. As a consequence, these companies are assessed individually for the 2023 financial year. For the 2024 financial year, a new tax group was established with Lenzing AG as the group parent and five subsidiaries of Lenzing AG as group members. As part of this, a group and tax equalization agreement was concluded, so that tax profits and losses are offset between the group parent and the group members that are included. The deferred tax assets and deferred tax liabilities of the group members that are included are also offset based on their joint tax assessment.

The Lenzing Group includes the effects of uncertain tax positions in the calculation of current and deferred taxes. Tax claims are recognized at the expected reimbursement amount in cases where the claim is sufficiently certain. The tax returns of the Lenzing Group's subsidiaries are reviewed regularly by the taxation authorities. Appropriate provisions have been recognized for possible future tax obligations based on a number of factors which include interpretations, commentaries and legal decisions relating to the respective tax jurisdiction and past experience. In addition, uncertain tax positions are evaluated on the basis of estimates and assumptions for future events. New information can become available in the future that leads the Group to change its assumptions regarding the appropriateness of tax positions. Any such changes will affect tax expense in the period in which they are identified.

# Note 30. Provisions

The Lenzing Group's provisions are classified as follows:

**Provisions** — EUR '000

| | Total | | Thereof current | | Thereof non-current | |
|---|---|---|---|---|---|---|
| | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 |
| Provisions for pensions and similar obligations | | | | | | |
| Pensions and severance payments | 75,864 | 74,842 | 7,584 | 6,149 | 68,280 | 68,693 |
| Jubilee benefits | 15,512 | 14,766 | 1,676 | 929 | 13,835 | 13,837 |
| | **91,376** | **89,608** | **9,261** | **7,078** | **82,115** | **82,530** |
| Other provisions | | | | | | |
| Restructuring measures | 6,901 | 24,087 | 6,901 | 24,087 | 0 | 0 |
| Anticipated losses and other risks | 2,475 | 10,806 | 2,475 | 10,806 | 0 | 0 |
| Emission certificates | 8,803 | 9,972 | 8,803 | 9,972 | 0 | 0 |
| Sundry | 1,942 | 7,218 | 1,081 | 656 | 861 | 6,562 |
| | **20,120** | **52,082** | **19,259** | **45,521** | **861** | **6,562** |
| **Total** | **111,496** | **141,690** | **28,520** | **52,599** | **82,976** | **89,091** |

## Provisions for pensions and similar obligations

### Pensions and severance payments

The Lenzing Group has entered into obligations for pensions and severance payments from defined benefit plans, which are reported under provisions for pensions and severance payments, and from defined contribution plans.

### Defined benefit plans (for pensions and severance payments)

The benefits resulting from the defined benefit plans for pensions and severance payments are dependent on the final salary or wage and the length of service. They do not require any contributions by employees.

The defined benefit pension plans are based on contractual obligations. The Lenzing Group's most important defined benefit pension plan is located in Austria. It applies to employees who joined the Group before January 1, 2000 and decided to remain in the plan. The claims generally arose after a vesting period of at least 10 or 15 service years. A retirement age of 58 to 63 years is assumed for the beneficiaries, depending on their gender. At present, the plan primarily covers employees who have already retired. Qualifying insurance policies were recognized as plan assets in some cases, while coverage for these obligations is also provided by securities that do not qualify as plan assets.

The defined benefit severance plans are based on statutory obligations and obligations under collective agreements. The Lenzing Group's most important defined benefit severance plan is located in Austria. This plan entitles employees whose employment relationship is governed by Austrian law and started before January 1, 2003 to a severance payment in specific cases, in particular when they reach the statutory retirement age and in the event of termination by the employer ("old severance payment system"). The amount of severance payment depends on the employee's salary or wage at the termination of employment and on the length of the employment relationship. There are similar major defined benefit severance plans in Indonesia and the Czech Republic, which apply to all employees irrespective of when they joined the respective company. The defined benefit severance plans are not covered by assets but are financed entirely through provisions.

In the 2023 and 2022 financial years, parts of provisions for accrued defined benefit severance plans were reclassified to other provisions for restructuring measures and reclassified back again in the 2024 financial year in the amount of EUR 3,796 thousand (see the section "Other provisions").

The defined benefit pension and severance plans are principally connected with the following risks that influence the amount of obligations to be recognized:

- **Investment risk**: A decline in the income from plan assets below the discount rate will result in a plan deficit and an increase in the obligations.
- **Interest rate risk**: A decrease in the discount rate due to lower bond interest rates on the capital market will result in an increase in the obligations.
- **Salary and pension trend**: An increase in the actual salary and pension trends over the expected future levels will result in an increase in the obligations.
- **Personnel turnover and departure risk**: A decline in the expected personnel turnover rates will result in an increase in the obligations.
- **Longevity risk**: An increase in the life expectancy of the beneficiaries will result in an increase in the obligations.

The Lenzing Group is also exposed to currency risks in connection with these plans.

The Lenzing Group takes various steps to reduce the risks from defined benefit plans. The related measures include, in particular, the external financing of defined benefit plans with plan assets or the coverage of obligations with securities that do not qualify as plan assets and the settlement of existing defined benefit plans with lump sum payments. In addition, pension and similar commitments are now only concluded as defined contribution commitments where possible and legally permissible.

The objectives of the investment policy are to create an optimal composition of plan assets and to ensure sufficient coverage for the existing claims of participating employees. The investment strategies (asset allocations) for the plan assets are contractually regulated. A reinsurance policy was concluded for part of the claims from the Austrian pension plan. It is reported as plan asset in the amount of EUR 2,221 thousand (December 31, 2023: EUR 2,344 thousand). This policy is a conventional life insurance policy which invests primarily in debt instruments that reflect the maturity profile of the underlying claims and are intended to maintain a high degree of investment security. The Lenzing Group makes no further contributions to this insurance policy.

The fair value of the insurance policy is not determined on an active market, but corresponds to the reported policy reserve. The plan assets do not include any financial instruments issued by or assets used by the Lenzing Group. The actual return on plan assets totaled EUR 161 thousand in 2024 (2023: EUR 158 thousand). The net interest expense from the defined benefit plans (expenses from the accrued interest on the obligations and the return on plan assets) is reported under financing costs.

The most important actuarial parameters applied to the defined benefit pension and severance plans are as follows:

**Actuarial assumptions for defined benefit pension and severance plans p. a. in %**

| 31/12/2024 | Discount rate | Salary increase | Pension increase | Staff turnover deductions |
|---|---|---|---|---|
| Austria – pensions | 3.3 | 3.0 | 0.0-3.0 | 0.0 |
| Austria – severance payments | 3.4 | 3.0 | N/A | 0.0 |
| Indonesia | 7.0 | 7.5 | N/A | 1.0-5.0 |
| Czech Republic | 3.4 | 4.2 | N/A | 1.6 |
| **31/12/2023** | | | | |
| Austria – pensions | 3.4 | 3.0 | 0.0-3.0 | 0.0 |
| Austria – severance payments | 3.4 | 3.0 | N/A | 0.0 |
| Indonesia | 6.5 | 7.5 | N/A | 1.0-5.0 |
| Czech Republic | 3.9 | 4.5 | N/A | 1.6 |

The major obligations from the defined benefit plans are the obligations for pensions and severance payments in the Lenzing Group's Austrian companies. The discount rate for these obligations was derived from high-quality fixed-income corporate bonds with at least an AA rating based on an international actuary's standards. Bonds with significantly higher or lower interest rates than the other bonds in their risk class ("statistical outliers") were not included in the calculation. The currency and terms of the bonds used to derive the discount rate are based on the currency and expected terms of the obligations to be settled. The estimated salary and pension increases, which are also considered realistic for the future, were derived from the averages of recent years. Separate employee turnover rates were applied for each company depending on the composition of the workforce and the employees' length of service. The retirement age used for the calculation is based on the applicable legal regulations. Individual, country-specific assumptions were made for each of the other countries to determine the discount rate, salary increases, employee turnover rates and retirement age.

The parameters used to calculate the defined benefit pension plans in Austria included the biometric data from AVÖ 2018 P – the calculation base for pension insurance for salaried employees

The following biometric data and assumptions are used in other countries:

- Indonesia: Tabel Mortalita Indonesia (TMI 2019)
- Czech Republic: AVÖ 2018-P
- Other: No biometric assumptions were made because of the low number of beneficiaries.

The obligations (carrying amounts) from defined benefit pension and severance plans reported in the consolidated statement of financial position comprise the following:

**Development of defined benefit plans** EUR '000

| | Present value of pension and severance payment obligation (DBO) | | Fair value of plan assets | | Carrying amounts of defined benefit pension and severance plans | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| As at 01/01 | 80,982 | 85,847 | 2,344 | 2,469 | 78,638 | 83,377 |
| Current service cost | 3,419 | 3,635 | 0 | 0 | 3,419 | 3,635 |
| Net interest | 3,138 | 3,769 | 75 | 95 | 3,063 | 3,674 |
| **Income and expenses from defined benefit plans recognized on the income statement** | **6,557** | **7,404** | **75** | **95** | **6,483** | **7,309** |
| Remeasurement during the reporting period | | | | | | |
| On the basis of demographic assumptions | (599) | (119) | 0 | 0 | (599) | (119) |
| On the basis of financial assumptions | (175) | 3,673 | 0 | 0 | (175) | 3,673 |
| On the basis of experience adjustments | 3,664 | 893 | 0 | 0 | 3,664 | 893 |
| On the basis of income from plan assets, excl. amounts included in interest income | 0 | 0 | 86 | 62 | (86) | (62) |
| **Remeasurement of defined benefit plans included in other comprehensive income** | **2,891** | **4,447** | **86** | **62** | **2,805** | **4,384** |
| Cash flows | | | | | | |
| Payments made from the plan | (283) | (283) | (283) | (283) | 0 | 0 |
| Direct payments and contributions by the employer | (12,219) | (15,750) | 0 | 0 | (12,219) | (15,750) |
| Currency translation adjustment | 158 | (683) | 0 | 0 | 158 | (683) |
| **Other reconciliation items** | **(12,345)** | **(16,716)** | **(283)** | **(283)** | **(12,061)** | **(16,433)** |
| **As at 31/12** | **78,085** | **80,982** | **2,221** | **2,344** | **75,864** | **78,638** |
| Thereof pensions in Austria | 18,589 | 19,243 | 2,221 | 2,344 | 16,368 | 16,899 |
| Thereof severance payments in Austria | 39,831 | 38,069 | 0 | 0 | 39,831 | 38,069 |
| Thereof pensions and severance payments in other countries | 19,666 | 19,874 | 0 | 0 | 19,666 | 19,874 |
| Thereof restructuring measures | 0 | 3,796 | 0 | 0 | 0 | 3,796 |

Sensitivity analyses are performed to evaluate the risk of changes in the actuarial parameters used to measure the present value of the obligations from defined benefit plans. These sensitivity analyses show the effects on the present value of the obligations from hypothetical changes in key parameters that could have reasonably changed as at the reporting date. One parameter was changed for each analysis, while all other parameters were kept constant. The sensitivity analyses are based on the present values of the obligations as at the reporting date before the deduction of plan assets (gross obligation/DBO) and before reclassification from or to other provisions for restructuring measures.

The sensitivities of the parameters as at the reporting dates are as follows:

**Sensitivity analysis of the defined benefit pension and severance payment obligations**

| 31/12/2024 | Change in parameters (percentage points) | Decrease in parameter/ change in present value of obligation in EUR '000 | Increase in parameter/ change in present value of obligation in EUR '000 |
|---|---|---|---|
| Discount rate | 1.0 | 5,991 | (5,264) |
| Salary increase | 1.0 | (4,168) | 4,658 |
| Pension increase | 1.0 | (1,084) | 1,201 |

**Sensitivity analysis of the defined benefit pension and severance payment obligations (previous year)**

| 31/12/2023 | Change in parameters (percentage points) | Decrease in parameter/ change in present value of obligation in EUR '000 | Increase in parameter/ change in present value of obligation in EUR '000 |
|---|---|---|---|
| Discount rate | 1.0 | 6,368 | (5,587) |
| Salary increase | 1.0 | (4,431) | 4,960 |
| Pension increase | 1.0 | (1,144) | 1,271 |

The above sensitivity analyses represent hypothetical changes based on assumptions. Actual deviations from these assumptions will result in other effects. In particular, the parameters changed individually for the analysis may actually correlate with each other. The deduction of plan assets and of the amount reclassified from or to other provisions for restructuring will lead to a further reduction of the effects.

The weighted average terms (durations) of the defined benefit pension and severance payment obligations in years are as follows:

**Weighted average durations of the defined benefit pension and severance payment obligations** — Years

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Austria – pensions | 7 | 7 |
| Austria – severance payments | 8-20 | 8-21 |
| Indonesia | 7 | 7 |
| Czech Republic | 8 | 8 |

## Defined contribution plans (for pensions and severance payments)

The Lenzing Group makes payments to pension funds and similar external funds for defined contribution pension and severance plans. The most significant defined contribution pension and severance plans for the Lenzing Group are located in Austria ("new severance payment system" and individual contractual commitments).

The expenses for defined contribution plans are as follows:

**Expenses for defined contribution plans** — EUR '000

| | 2024 | 2023 |
|---|---|---|
| Austria – pensions | 2,224 | 2,227 |
| Austria – severance payments | 3,140 | 2,861 |
| Other countries | 6,088 | 6,335 |
| **Total** | **11,452** | **11,423** |

## Provisions for jubilee benefits

Collective agreements require Lenzing AG and certain subsidiaries, particularly in Austria and the Czech Republic, to pay jubilee benefits to employees who have been with the company for a certain length of time. In the Austrian companies employees have the option to convert the jubilee benefits into time credits. No assets were segregated from the company and no contributions were made to a pension fund or any other external fund to cover these obligations. The jubilee benefits do not require any contributions by employees.

The obligations from jubilee benefits for employees (long-service bonuses) are considered other long-term employee benefits under IFRS. The net interest expense from jubilee benefits (expenses from the accrued interest on the obligations) is recorded under financing costs. The discount rate applied to the Austrian obligations is similar to the discount rate used for the other defined benefit plans. Employee turnover rates were determined separately for each company depending on the composition of the workforce and employees' length of service. Individual, country-specific assumptions were made regarding the discount rate, employee turnover rates and salary increases in the other countries.

The main actuarial parameters applied to the obligations for jubilee benefits are as follows:

**Actuarial assumptions for the jubilee benefit obligations p. a. in %**

| 31/12/2024 | Discount rate | Salary increase | Staff turnover deductions |
|---|---|---|---|
| Austria | 3.5 | 3.0 | 0.0-10.5 |
| Czech Republic | 3.4 | 4.2 | 1.6 |
| **31/12/2023** | | | |
| Austria | 3.5 | 3.0 | 0.0-8.9 |
| Czech Republic | 3.9 | 4.5 | 1.6 |

The following table shows the development of the obligation (provision) for jubilee benefits:

**Development of the jubilee benefit obligation (provision)** EUR '000

| | 2024 | 2023 |
|---|---|---|
| As at 01/01 | 14,766 | 14,899 |
| Service cost | | |
| Current service cost | 918 | 875 |
| Net interest | 507 | 608 |
| Remeasurement during the reporting period | | |
| On the basis of demographic assumptions | (568) | (1,017) |
| On the basis of financial assumptions | 1 | 1,131 |
| On the basis of experience adjustments | 1,125 | (482) |
| **Income and expenses from jubilee benefit obligations recognized on the income statement** | **1,982** | **1,115** |
| Cash flows | | |
| Direct payments by employer | (1,237) | (1,247) |
| Currency translation adjustment | 1 | (1) |
| **Other reconciliation items** | **(1,236)** | **(1,248)** |
| **As at 31/12** | **15,512** | **14,766** |

## Other provisions

Other provisions developed as follows:

**Development of other provisions** EUR '000

| 2024 | As at 01/01 | Currency translation adjustment | Reclassi-fication | Utilization | Reversal | Addition | As at 31/12 | Thereof current | Thereof non-current |
|---|---|---|---|---|---|---|---|---|---|
| Restructuring measures | 24,087 | 0 | (3,796) | (12,681) | (1,308) | 600 | **6,901** | 6,901 | 0 |
| Anticipated losses and other risks | 10,806 | 303 | 0 | 0 | (9,096) | 462 | **2,475** | 2,475 | 0 |
| Emission certificates | 9,972 | (19) | 0 | (9,303) | (86) | 8,239 | **8,803** | 8,803 | 0 |
| Sundry | 7,218 | (77) | 0 | (3,938) | (2,999) | 1,738 | **1,942** | 1,081 | 861 |
| **Total** | **52,082** | **206** | **(3,796)** | **(25,922)** | **(13,489)** | **11,039** | **20,120** | **19,259** | **861** |

**Development of other provisions (previous year)** EUR '000

| 2023 | As at 01/01 | Currency translation adjustment | Reclassi-fication | Utilization | Reversal | Addition | As at 31/12 | Thereof current | Thereof non-current |
|---|---|---|---|---|---|---|---|---|---|
| Restructuring measures | 21,125 | 0 | (1,936) | (11,293) | (4,100) | 20,291 | **24,087** | 24,087 | 0 |
| Anticipated losses and other risks | 23,545 | (124) | 0 | (20) | (14,757) | 2,163 | **10,806** | 10,806 | 0 |
| Emission certificates | 12,493 | (4) | 0 | (10,813) | 0 | 8,295 | **9,972** | 9,972 | 0 |
| Sundry | 8,134 | (82) | 0 | (1,080) | (420) | 666 | **7,218** | 656 | 6,562 |
| **Total** | **65,297** | **(210)** | **(1,936)** | **(23,206)** | **(19,277)** | **31,415** | **52,082** | **45,521** | **6,562** |

The measurement of provisions is based on past experience, current cost and price information and estimates/appraisals by internal and external experts. The assumptions underlying the provisions are reviewed regularly. The actual values may differ from these assumptions if general conditions develop in contrast to expectations as at the reporting date. Changes are recognized in profit or loss when better information is available, and the premises are adjusted accordingly.

As in the previous year, other provisions for restructuring measures in the 2024 financial year relate particularly to provisions due to staff reductions as part of reorganization and cost-cutting programs. The provisions were formed particularly for resultant severance payments and termination benefits. As of December 31, 2023, provisions of EUR 3,796 thousand arising from previously formed provisions (in particular from the statutory provision for severance payments; see the section “Defined benefit plans (for pensions and severance payments)”) were reported under provisions for restructuring measures and were reclassified back again in their entirety in the 2024 financial year. The remaining amount of the necessary provisions of EUR 600 thousand (2023: EUR 20,291 thousand) was allocated mainly to personnel expenses and to other operating expenses (administrative expenses). The total provisions of EUR 6,901 thousand (December 31, 2023: EUR 24,087 thousand) are expected to be fully utilized within the next 12 months.

Other provisions for anticipated losses and other risks include, in particular, provisions for onerous procurement contracts of EUR 2,475 thousand (December 31, 2023: EUR 10,772 thousand) and for other onerous contracts. Other provisions for emission certificates comprise the equivalent value of the emission certificates used.

In the 2023 financial year, sundry other provisions mainly relate to obligations for litigation in the amount of EUR 3,208 thousand and include, in particular, provisions for legal defense costs in connection with a lawsuit in which, among other matters, Lenzing AG is being sued for damages (see note 40). The legal proceedings were concluded in the 2024 financial year and the corresponding provision of EUR 2,722 thousand was reversed.

The other current provisions and accruals were expected to lead to an outflow of funds within the next twelve months. The outflow of funds arising from the long-term portion of other provisions is dependent on various factors (in particular, guarantee and warranty periods, contract terms and other events).

# Note 31. Trade payables

The Lenzing Group participates in reverse factoring arrangements under which suppliers can elect to receive payment of their invoices earlier from a bank. Under this arrangement, the bank offers to pay invoices owed by the Lenzing Group to participating suppliers, and the Lenzing Group pays the bank at a later date.

These reverse factoring agreements enable the Lenzing Group to centralize the payment of trade payables to the bank and to enable efficient payment processes, rather than paying each supplier individually. In addition, participating suppliers can be offered early payment dates compared to the due date of the invoices concerned. From the Lenzing Group's perspective, the agreements do not significantly extend the payment period compared to normal payment periods with other participating suppliers. However, the agreements offer participating suppliers the advantage of earlier payment. Furthermore, the Lenzing Group does not incur any additional interest for the payment of trade payables to the bank. As a consequence, the amounts covered by these agreements are reported under trade payables, as the nature and function of these liabilities remain the same as for other trade payables.

The present value test and qualitative analyses indicate that these agreements do not significantly change the contract terms (in particular payment terms and interest rates). The agreements do not lead to the reclassification of the trade payables involved to another class of liability under civil law or IFRS regulations from the Lenzing Group's perspective. Consequently, there are no changes to the presentation on the consolidated statement of financial position (under trade payables) or the consolidated statement of cash flows (under cash flow from operating activities). The Lenzing Group has not derecognized the original trade payables subject to these agreements, as it has neither been legally released from the obligation nor has the liability been materially modified by entering into the agreement.

From the Lenzing Group's perspective, the payments made by banks to suppliers represent non-cash transactions. The payments rendered by the Lenzing Group to the banks are included in the cash flow from operating activities, as the factual connection to the original liability and thereby the financial background of the cash outflows remains. As in the previous year, the Lenzing Group has not provided any collateral.

**Supplier Finance Arrangements** EUR '000

| **Reverse factoring agreements** | **31/12/2024** | **31/12/2023** | **As reported on the consolidated statement of financial position** |
|---|---|---|---|
| Carrying amount of liabilities affected by the agreements | 114,059 | 81,177 | Trade payables |
| thereof payments already implemented by banks | 99,792 | 65,349 | |
| **Payment services** | **31/12/2024** | **31/12/2023** | **As reported on the consolidated statement of financial position** |
| Carrying amount of liabilities affected by the agreements | 64,480 | 0 | Other financial liabilities |
| thereof payments already implemented by payment services | 64,480 | 0 | |

**Range of due dates** Days

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Affected by reverse factoring agreement** | **Not affected by reverse factoring agreement** | **Affected by reverse factoring agreement** | **Not affected by reverse factoring agreement** |
| Austrian reverse factoring agreement | 120 - 180 | 45 - 90 | 120 - 180 | 45 - 90 |
| Brazilian reverse factoring agreement | 10 - 90 | 10 - 150 | 10 - 90 | 10 - 150 |

In the 2024 financial year, a supplier financing program was concluded with a payment service provider for trade payables. Further details can be found in note 32.

The liquidity risk of the supplier finance agreements is a concentration since the supplier finance agreements currently in place have been made with only two financial institutions and one payment service provider, giving rise to the risk of a revocation of the supplier finance agreements by the same financial institution or the same payment service provider. The liabilities affected by these supplier finance agreements are settled in accordance with the agreed due date. The related, estimated outflows are taken into account in liquidity planning. The Lenzing Group assesses the risk concentration with regard to sufficient financing sources as rather low because the risk spread of the Lenzing Group's financing over different financial institutions is maintained. Furthermore, the supplier finance agreements include no material financing component, and their discontinuation would therefore also not result in a significant increase in financing requirements. Liabilities relating to reverse factoring agreements amount to 29.5 percent as at the reporting date (December 31, 2023: 27.4 percent) relative to the group's total trade payables. Liabilities to payment service providers amounted to 38,9 percent (December 31, 2023: 0.0 percent) of other financial liabilities as at the balance sheet date . No non-cash changes occurred to the carrying amount of the financial liabilities covered by the supplier financing agreements.

Information regarding the liquidity and foreign currency risk of the group exposure is presented in note 37.

## Note 32. Other liabilities

Other non-current liabilities comprise both financial and non-financial items. Other non-current financial liabilities as at December 31, 2024 are reported in the amount of EUR 5,254 thousand (December 31, 2023: EUR 8,434 thousand), and relate in particular to derivatives and other liabilities. The reported non-financial liabilities amount to EUR 4,542 thousand as at December 31, 2024 (December 31, 2023: EUR 5,125 thousand), and mainly include accrued items for personnel expenses and partial retirement obligations.

Other current liabilities consist of the following:

**Other current liabilities** — EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| **Other current financial liabilities** | | |
| Derivatives not yet settled (open positions) | 20,484 | 8,315 |
| Other accruals | 35,531 | 33,672 |
| Contract liabilities - accruals for discounts and rebates (see note 5) | 4,033 | 4,525 |
| Supplier finance arrangements (payment services) | 64,480 | 0 |
| Debtor payments from factoring not yet forwarded | 10,120 | 9,438 |
| Interest accruals | 20,413 | 6,664 |
| Other current financial liabilities | 6,054 | 4,155 |
| | **161,115** | **66,769** |
| **Other current non-financial liabilities** | | |
| Liabilities from other taxes | 7,822 | 6,503 |
| Wage and salary liabilities | 9,452 | 10,585 |
| Social security liabilities | 8,391 | 7,769 |
| Contract liabilities - down payments received (see note 5) | 18,830 | 12,198 |
| Accruals for personnel expenses | 84,035 | 24,018 |
| Deferred income and other | 2,276 | 1,403 |
| | **130,806** | **62,476** |
| **Total** | **291,921** | **129,244** |

The other accruals mainly cover liabilities for the delivery of goods and the performance of services by third parties which have not yet been invoiced.

In the 2024 financial year, the Lenzing Group started supplier financing agreements with suppliers of individual Group companies. The payment service provider settles the original trade payables on the respective invoice due date, discharging the debt, which results in a change of presentation on the consolidated statement of financial position. Liabilities to the payment service provider are shown as other current financial liabilities. Under the supplier financing agreements, the Lenzing Group pays the payment service provider 60 days after the invoice due date. The payments rendered to the payment service providers are included in the cash flow from operating activities, as the factual connection to the original liability and thereby the financial background of the cash outflows remains. The Lenzing Group regards the payments made by the payment service provider as non-cash transactions (see note 31).

The accruals for personnel costs consist primarily of liabilities for short-term claims by active and former employees (in particular, for unused vacation and compensation time, overtime and performance bonuses).

## Note 33. Disclosures on the Consolidated Statement of Cash Flows

Liquid funds represent cash and cash equivalents as shown on the statement of financial position. Cash and cash equivalents include cash in hand and cash at banks, demand deposits, checks and short-term time deposits.

Other non-cash income and expenses both in the 2024 financial year and in the previous year include the measurement of inventories, financial assets, and other non-current financial assets. Other non-cash income/expenses also contain unrealized net exchange rate gains/losses and measurement effects from receivables.

Cash flows from investing activities (purchases of intangible assets, property, plant and equipment and biological assets) are adjusted either for payments not yet rendered to suppliers in the current period, or for payments rendered to suppliers for payables from prior periods. In the 2024 financial year, these mainly comprise payments not yet made to suppliers in the current period in the amount of EUR 6.347 thousand (2023: payments to suppliers from previous periods in the amount of EUR 29.821 thousand).

**Reconciliation of loans and borrowings** EUR '000

| 2024 | | Bond | Private placements | Subtotal bond and private placements | Bank loans | Loans from other lenders | Lease liabilities | Subtotal other financial liabilities | Total |
|---|---|---|---|---|---|---|---|---|---|
| As at 01/01 | | 0 | 567,805 | 567,805 | 1,687,892 | 37,890 | 142,107 | 1,867,889 | 2,435,694 |
| Cash flows | Increase in loans and borrowings | 581,763 | 0 | 581,763 | 309,340 | 101 | 0 | 309,441 | 891,204 |
| | Repayment of loans and borrowings | 0 | (236,431) | (236,431) | (1,062,069) | (4,941) | (26,149) | (1,093,159) | (1,329,590) |
| Non-cash changes | Currency translation adjustment | 26,311 | 2,607 | 28,918 | 30,060 | (2) | (20,952) | 9,107 | 38,025 |
| | Discounting/accrued interest | 479 | 227 | 705 | 43,099 | 0 | 15,958 | 59,056 | 59,762 |
| | Additions to lease liabilities | 0 | 0 | 0 | 0 | 0 | 13,153 | 13,153 | 13,153 |
| | Other changes | 0 | 0 | 0 | 0 | 0 | (254) | (254) | (254) |
| **As at 31/12** | | **608,553** | **334,208** | **942,761** | **1,008,322** | **33,049** | **123,862** | **1,165,233** | **2,107,994** |

**Reconciliation of loans and borrowings (previous year)** EUR '000

| 2023 | | Bond | Private placements | Subtotal bond and private placements | Bank loans | Loans from other lenders | Lease liabilities | Subtotal other financial liabilities | Total |
|---|---|---|---|---|---|---|---|---|---|
| As at 01/01 | | 0 | 569,691 | 569,691 | 1,640,106 | 42,843 | 69,590 | 1,752,539 | 2,322,230 |
| Cash flows | Increase in loans and borrowings | 0 | 0 | 0 | 226,023 | 617 | 0 | 226,640 | 226,640 |
| | Repayment of loans and borrowings | 0 | 0 | 0 | (140,711) | (5,542) | (23,979) | (170,232) | (170,232) |
| Non-cash changes | Currency translation adjustment | 0 | (2,118) | (2,118) | (42,473) | (49) | 3,391 | (39,131) | (41,248) |
| | Discounting/accrued interest | 0 | 232 | 232 | 4,947 | 20 | 16,557 | 21,524 | 21,756 |
| | Additions to lease liabilities | 0 | 0 | 0 | 0 | 0 | 78,444 | 78,444 | 78,444 |
| | Other changes | 0 | 0 | 0 | 0 | 0 | (1,895) | (1,895) | (1,895) |
| **As at 31/12** | | **0** | **567,805** | **567,805** | **1,687,892** | **37,890** | **142,107** | **1,867,889** | **2,435,694** |

## Note 34. Capital risk management

### General information

The overriding objective of equity and debt management in the Lenzing Group is to optimize the income, expenditures and assets of the individual operations/business units and of the Group as a whole in order to achieve and maintain sustainably strong economic performance and a sound balance sheet structure. An important role in this process is played by financial leverage capacity, the protection of sufficient liquidity at all times and a clear focus on key cash-related and performance indicators in line with the Group's strategic course and long-term goals. This protects the ability of the group companies to operate on a going concern basis. In addition, the authorized capital and contingent capital give Lenzing AG greater flexibility in raising additional equity in order to take advantage of future market opportunities.

The equity management strategy followed by the Lenzing Group is designed to ensure that Lenzing AG and the other group companies have an adequate equity base to meet local requirements. For further details to the financial covenants see note 37 ("Liquidity risk" section).

Management uses an adjusted equity ratio for internal control purposes. Adjusted equity is calculated in accordance with IFRS and comprises equity as well as investment grants less the related deferred taxes. The adjusted equity ratio (= adjusted equity in relation to total assets) equaled 34.7 percent as at December 31, 2024 (December 31, 2023: 34.7 percent).

Adjusted equity is calculated as follows:

**Adjusted equity** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Equity | 1,652,001 | 1,742,165 |
| + Government grants | 95,623 | 86,244 |
| - Proportional share of deferred taxes on government grants | (21,700) | (19,338) |
| **Total** | **1,725,924** | **1,809,072** |

The dividend policy of Lenzing AG, as the parent company of the Lenzing Group, is based on the principles of continuity and a long-term focus in order to support the future development of the company, to distribute dividends to shareholders in line with the company's opportunity and risk situation, and to appropriately reflect the interests of all other stakeholders who are decisive for the company's success.

### Net financial debt

The Supervisory Board and Managing Board of Lenzing AG regularly review the development of net financial debt because this indicator is an extremely important benchmark not only for the Group's management, but also for the financing banks. The ratio of net financial debt to EBITDA is particularly relevant. The continued optimal development of the Lenzing Group is only possible with convincing internal financing strength as the basis for increased debt capacity.

Interest-bearing financial liabilities are classified as follows:

**Interest-bearing loans and borrowings** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Non-current loans and borrowings | 1,828,545 | 1,906,702 |
| Current loans and borrowings | 279,449 | 528,992 |
| **Total** | **2,107,994** | **2,435,694** |

Liquid assets consist of the following:

**Liquid assets** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Cash and cash equivalents | 442,297 | 725,639 |
| Liquid bills of exchange (in trade receivables) | 9,384 | 5,398 |
| **Total** | **451,681** | **731,037** |

Net financial debt in absolute terms and in relation to EBITDA (see note 4) is as follows:

**Net financial debt (absolute)** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Interest-bearing loans and borrowings | 2,107,994 | 2,435,694 |
| - Liquid assets | (451,681) | (731,037) |
| **Net financial debt incl. lease liabilities** | **1,656,314** | **1,704,657** |
| - Current lease liabilities | (9,637) | (9,783) |
| - Non-current lease liabilities | (114,225) | (132,324) |
| **Net financial debt** | **1,532,452** | **1,562,550** |

**Net financial debt in relation to EBITDA** EUR '000

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| EBITDA | 395,426 | 303,318 |
| Net financial debt / EBITDA | 3.9 | 5.2 |

# Note 35. Disclosures on financial instruments

## Carrying amounts, fair values, measurement categories and measurement methods

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities for each class and each IFRS 9 category and reconciles this information to the appropriate line items on the statement of financial position. The balance sheet item loans and borrowings (non-current and current) includes lease liabilities that are to be regarded as financial liabilities but are not allocated to a measurement category in accordance with IFRS 9. They are reported in the “no financial instruments” column to enable a reconciliation to the balance sheet item. In addition, the (current) provisions balance sheet item is reported as a financial liability. However, this is also not allocated to an IFRS 9 measurement category and is consequently also reported in the "no financial instruments" column.

## Carrying amounts, category, fair value and fair value hierarchy of financial instruments

EUR '000

| Financial assets as at 31/12/2024 | Carrying amount | | | | | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| | At amortized cost | At fair value through profit or loss | At fair value through other comprehensive income | | No financial instrument | Total | Fair value | Fair value hierarchy |
| | | | Equity instruments | Cash flow hedges | | | | |
| Originated loans | 30,512 | | | | | **30,512** | 26,421 | Level 3 |
| Non-current securities | | 6,582 | | | | **6,582** | 6,582 | Level 1 |
| Other equity investments | | | 12 | | | **12** | 12 | [1] |
| Current securities | | | 11,301 | | | **11,301** | 11,301 | Level 1 |
| **Other investments (current and non-current)** | **30,512** | **6,582** | **11,314** | **0** | **0** | **48,407** | **44,317** | |
| **Trade receivables** | **318,182** | **0** | **0** | **0** | **0** | **318,182** | **318,182** | [1] |
| Derivatives with a positive fair value (cash flow hedges) | | | | 2,250 | | **2,250** | 2,250 | Level 2 |
| Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss) | | 270 | | | | **270** | 270 | Level 2 |
| Other | 25,675 | | | | | **25,675** | 25,675 | [1] |
| **Other financial assets (current and non-current)** | **25,675** | **270** | **0** | **2,250** | **0** | **28,195** | **28,195** | |
| **Cash and cash equivalents** | **442,297** | **0** | **0** | **0** | **0** | **442,297** | **442,297** | [1] |
| **Total** | **816,666** | **6,852** | **11,314** | **2,250** | **0** | **837,081** | **832,991** | |

| Financial liabilities as at 31/12/2024 | Carrying amount | | | | | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| | At amortized cost | At fair value through profit or loss | At fair value through other comprehensive income | | No financial instrument | Total | Fair value | Fair value hierarchy |
| | | | Cash flow hedges/Fair value hedges | Retained earnings | | | | |
| Bond | 608,553 | | | | | **608,553** | 624,701 | Level 1 |
| Private placements | 334,208 | | | | | **334,208** | 333,340 | Level 3 |
| Liabilities to banks | 1,008,322 | | | | | **1,008,322** | 1,030,105 | Level 3 |
| Liabilities to other lenders | 33,049 | | | | | **33,049** | 32,453 | Level 3 |
| Lease liabilities | | | | | 123,862 | **123,862** | | |
| **Loans and borrowings** | **1,984,132** | **0** | **0** | **0** | **123,862** | **2,107,994** | **2,020,599** | |
| **Trade payables** | **386,383** | **0** | **0** | **0** | **0** | **386,383** | **386,383** | [1] |
| **Provisions (current)** | **0** | **0** | **0** | **0** | **28,520** | **28,520** | | |
| **Puttable non-controlling interests** | **0** | **0** | **0** | **230,954** | **0** | **230,954** | **230,954** | **Level 3** |
| Derivatives with a negative fair value (cash flow hedges) | | | 15,213 | | | **15,213** | 15,213 | Level 2 |
| Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss) | | 7,729 | | | | **7,729** | 7,729 | Level 2 |
| Contingent consideration | | 1,150 | | | | **1,150** | 1,150 | Level 2 |
| Other | 142,277 | | | | | **142,277** | 142,277 | [1] |
| **Other financial liabilities (current and non-current)** | **142,277** | **8,878** | **15,213** | **0** | **0** | **166,369** | **166,369** | |
| **Total** | **2,512,793** | **8,878** | **15,213** | **230,954** | **152,382** | **2,920,220** | **2,804,305** | |

1) The carrying amount approximates fair value.

## Carrying amounts, category, fair value and fair value hierarchy of financial instruments (previous year) EUR '000

| | Carrying amount | | | | | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| **Financial assets as at 31/12/2023** | **At amortized cost** | **At fair value through profit or loss** | **At fair value through other comprehensive income** | | **No financial instrument** | **Total** | **Fair value** | **Fair value hierarchy** |
| | | | **Equity instruments** | **Cash flow hedges** | | | | |
| Originated loans | 14,561 | | | | | **14,561** | 12,500 | Level 3 |
| Non-current securities | | 6,464 | | | | **6,464** | 6,464 | Level 1 |
| Other equity investments | | | 12 | | | **12** | 12 | [1] |
| Current securities | | | 18,721 | | | **18,721** | 18,721 | Level 1 |
| **Other investments (current and non-current)** | **14,561** | **6,464** | **18,734** | **0** | **0** | **39,759** | **37,698** | |
| **Trade receivables** | **294,480** | **0** | **0** | **0** | **0** | **294,480** | **294,480** | [1] |
| Derivatives with a positive fair value (cash flow hedges) | | | | 30,817 | | **30,817** | 30,817 | Level 2 |
| Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss) | | 7,113 | | | | **7,113** | 7,113 | Level 2 |
| Other | 24,098 | | | | | **24,098** | 24,098 | [1] |
| **Other financial assets (current and non-current)** | **24,098** | **7,113** | **0** | **30,817** | **0** | **62,028** | **62,028** | |
| **Cash and cash equivalents** | **725,639** | **0** | **0** | **0** | **0** | **725,639** | **725,639** | [1] |
| **Total** | **1,058,777** | **13,577** | **18,734** | **30,817** | **0** | **1,121,905** | **1,119,844** | |

| | Carrying amount | | | | | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| **Financial liabilities as at 31/12/2023** | **At amortized cost** | **At fair value through profit or loss** | **At fair value through other comprehensive income** | | **No financial instrument** | **Total** | **Fair value** | **Fair value hierarchy** |
| | | | **Cash flow hedges/Fair value hedges** | **Retained earnings** | | | | |
| Bond | 0 | | | | | **0** | | |
| Private placements | 567,805 | | | | | **567,805** | 560,533 | Level 3 |
| Liabilities to banks | 1,687,892 | | | | | **1,687,892** | 1,743,524 | Level 3 |
| Liabilities to other lenders | 37,890 | | | | | **37,890** | 36,800 | Level 3 |
| Lease liabilities | | | | | 142,107 | **142,107** | | |
| **Loans and borrowings** | **2,293,587** | **0** | **0** | **0** | **142,107** | **2,435,694** | **2,340,857** | |
| **Trade payables** | **296,322** | **0** | **0** | **0** | **0** | **296,322** | **296,322** | [1] |
| **Provisions (current)** | **0** | **0** | **0** | **0** | **52,599** | **52,599** | | |
| **Puttable non-controlling interests** | **0** | **0** | **0** | **249,418** | **0** | **249,418** | **249,418** | **Level 3** |
| Derivatives with a negative fair value (cash flow hedges) | | | 11,534 | | | **11,534** | 11,534 | Level 2 |
| Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss) | | 142 | | | | **142** | 142 | Level 2 |
| Contingent consideration | | 877 | | | | **877** | 877 | Level 2 |
| Other | 62,650 | | | | | **62,650** | 62,650 | [1] |
| **Other financial liabilities (current and non-current)** | **62,650** | **1,019** | **11,534** | **0** | **0** | **75,203** | **75,203** | |
| **Total** | **2,652,559** | **1,019** | **11,534** | **249,418** | **194,706** | **3,109,237** | **2,961,800** | |

1) The carrying amount approximates fair value.

Depending on the classification/measurement category, financial instruments are subsequently measured at (amortized) cost or fair value. The Lenzing Group uses the following measurement categories: “at amortized cost”, “at fair value through profit or loss” and “at fair value through other comprehensive income”. The measurement category “at fair value through profit or loss” is solely used for financial assets that are mandatorily measured at fair value.

The Lenzing Group accounts for reclassifications in the fair value hierarchy at the end of the reporting period in which the changes occur. In the 2024 and 2023 financial years, no shifts occurred between the various levels of the fair value hierarchy for financial instruments.

Where valuations of financial instruments are conducted by external institutions (banks), these are monitored by the Lenzing Group and subjected to a further review and, where appropriate, adopted for financial accounting purposes. The necessary market data are validated on the basis of the dual control principle.

In light of the varying influencing factors, the fair values presented can only be regarded as indicators of the values that could actually be realized on the market.

## Financial assets

Securities are measured at fair value and are recognized directly in equity due to the exercise of the corresponding option. In the 2024 and 2023 financial years, some of the shares in Spinnova OY, Jyväskylä, Finland, and some of the ordinary shares in Oberbank, were divested (see note 22).

The fair value of shares is derived from the current stock exchange prices. These securities are assigned to the category “at fair value through other comprehensive income”.

The fair value of investment funds is derived from the latest calculated value. These securities are assigned to the category “at fair value through profit or loss”.

The other equity investments are classified as “at fair value through other comprehensive income”.

## Other financial assets

Other financial assets from earn-out agreements are classified “at fair value through profit or loss”. The fair value of these other financial assets is determined based on an income approach. It is to be categorized in level 3 of the fair value hierarchy. The measurement model is based on the planned EBITDA, the weighted average cost of capital (WACC) after tax and the repayment terms.

Due to the medium-term planning provided and the resultant budgeted EBITDAs, realistically expected changes in the discount rate (WACC) after taxes and the repayment terms do not lead to a positive fair value. For this reason, a sensitivity analysis was not conducted as at December 31, 2024 and as at December 31, 2023.

**Development of level 3 fair values of other financial assets** EUR '000

| | 2024 | 2023 |
|---|---|---|
| As at 01/01 | 0 | 4,087 |
| Gain/loss included in financial result | 0 | (4,087) |
| **As at 31/12** | **0** | **0** |

## Bond

The fair value of the bond issued is derived from the current market price, and its fair value changes are especially due to changes in market interest rates and the credit rating of LD Celulose International GmbH, Vienna, as well as of its guarantors LD Celulose S.A., Indianópolis, Brazil, and LD Florestal S.A. Indianópolis, Brazil.

## Puttable non-controlling interests

The Dexco-Group has a put option and has the right to sell its shares in LD Celulose S.A., Indianópolis, Brazil if a change of control occurs regarding the owner of the Lenzing Group (change of control clause). This obligation is recognized under liabilities from puttable non-controlling interests. The liability from redeemable non-controlling interests is subsequently measured at fair value directly through retained earnings (not in profit or loss). The fair value of these puttable non-controlling interests is determined based on the planned or projected cash flows less cost of disposal and net debt at the measurement date. The budget approved by the Management and Supervisory Boards and the medium-term plans approved by the Management Board are the starting point for the cash flow projections. After the detailed planning period of five years, a 25-year return based on a sustainable EBITDA margin is expected based on the assumptions for the last year. The planning period for the calculation of fair value is contractually limited to a maximum of 30 years. Cash flows are discounted to their present value with a discounted cash flow method. The applied discount rate represents a composite figure (weighted average cost of capital – WACC) that combines the average interest rate for debt and the anticipated return on equity employed. An after-tax WACC of 8.2 percent (December 31, 2023: 8.2 percent) was used at the measurement date. Fair value measurement is classified in full as level 3 of the fair value hierarchy because key input factors (in particular, cash flows) cannot be observed on the market.

**Development of level 3 fair values of puttable non-controlling interest** EUR '000

| | 2024 | 2023 |
|---|---|---|
| As at 01/01 | 249,418 | 266,085 |
| Measurement of puttable non-controlling interest recognized directly in equity | (18,464) | (16,667) |
| **As at 31/12** | **230,954** | **249,418** |

The determined fair value would increase (decrease) if the EBITDA increased (decreased) or if the after-tax WACC decreased (increased). A change of these unobservable input factors would have the following effects on the measurement of puttable non-controlling interests:

**Sensitivity analysis of level 3 input factors for puttable non-controlling interest** **EUR '000**

| | Measurement result offset against retained earnings | | | |
|---|---|---|---|---|
| | 31/12/2024 | | 31/12/2023 | |
| **Puttable non-controlling interests** | **Increase** | **Decrease** | **Increase** | **Decrease** |
| EBITDA (+/- 1%) | 9,058 | (9,058) | 8,879 | (8,879) |
| Discount rate (WACC) after tax (+/- 0.25%) | (13,424) | 13,876 | (16,142) | 16,649 |

The sensitivities are determined by conducting the measurements again using the changed parameters.

## Other financial liabilities

The fair values of the other financial liabilities (derivatives with a negative market value) are determined in accordance with generally accepted valuation methods based on the discounted cash flow method. The most important input factor is the discount rate, which incorporates the available market data (risk-free interest rates) and the credit standing of the Lenzing Group, which is not observable on the market. The fair values of the financial guarantee contracts represent the estimated expected default arising from the maximum possible payment obligation and the expected loss.

The fair value of the contingent consideration is determined by means of option valuation using an arbitrage-free Monte Carlo model approach. The gas price (TTF ICE) is the main input factor in this context. This liability with a carrying amount of EUR 1,150 thousand (December 31, 2023: EUR 877 thousand) is assigned to the category "at fair value through profit or loss". The change was recognized in profit and loss under income from non-current and current financial assets and liabilities (see note 13).

## Derivative financial instruments and hedges

Derivatives are measured at fair value. The fair value of derivatives is calculated using standard methods based on the market data available at the measurement date (in particular exchange rates and interest rates). Currency and commodity forwards are measured at the respective forward rate or price at the reporting date. These forward rates or prices are based on the spot rates or prices and include forward premiums and discounts. The Group's own models are used to estimate the measurement. The measurement of derivatives also includes the counterparty risk (credit risk/counterparty risk/non-performance risk) in the form of discounts to the fair value that would be used by a market participant for pricing.

Basically, the Lenzing Group applies the hedge accounting rules defined by IFRS 9 to the following derivative financial instruments. The retrospective hedging effect or ineffectiveness is evaluated with the dollar-offset method, which compares the accumulated changes in the fair value of the hedged items with the accumulated changes in the fair value of the hedges in line with the compensation method.

The measurement of the hedged item is offset by the hedge and is therefore effective. Risks of ineffectiveness include the credit risk of a counterparty, a significant change in the credit risk of a contractual party in the hedging relationship or the change of time of payment of the hedged item, reduction of the total invoice amount or price of the hedged item. Risks are always hedged in their entirety. The target hedging ratio for the hedged nominal values is about 67 percent.

The critical terms of payment of the hedged items and hedging instruments (in particular, the nominal value and time of payment) are generally identical or offset one another ("critical terms match"). Therefore, when forming a measurement unit, the Managing Board considers the offsetting of value changes of the hedged items and of the hedging instrument resulting from changes of the hedged risk as highly effective.

## Cash flow hedge derivatives for currency risks

The Lenzing Group uses derivative financial instruments to hedge currency risks arising from the operating business. These derivative financial instruments serve to balance the variability of cash flows from future transactions. Hedges are determined in advance on the basis of the expected purchases and sales in the relevant foreign currency. In hedging future cash flows in foreign currencies (cash flow hedges), the Lenzing Group typically hedges the risk up to the time of the foreign currency payment. Hedge effectiveness is measured by grouping the hedged items and hedging instruments together in at least quarterly maturity ranges for each hedged risk. Cash flow hedges whose underlying hedged item was already recognized in profit or loss are used to hedge foreign currency receivables/liabilities that were recognized at the reporting date but do not impact cash until a later time.

Lenzing AG has arranged currency hedges to hedge USD loans issued to a subsidiary. Due to the early repayment of part of the loan, the currency hedge was sold to the bank ahead of schedule. A nominal amount of kUSD 65,000 was terminated early at a rate of 1.12 USD/EUR.

The nominal values and fair values of the cash flow hedges are as follows as at the reporting date:

### Nominal value, fair value and hedging period of cash flow hedge derivatives for currency risks

| | | | 31/12/2024 | | | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|
| | | Nominal value in '000 | Positive fair value | Negative fair value | Net fair value | Hedging period until | Average hedging rate | Change in fair value used to calculate ineffective-ness |
| Forward foreign exchange contracts | | | | | | | | |
| CNY/CNH-sale / EUR-buy | CNY/CNH | 408,300 | 0 | (851) | (851) | 09/2025 | 7.76 | (1,195) |
| CNY/CNH-sale / GBP-buy | CNY/CNH | 152,300 | 0 | (146) | (146) | 09/2025 | 9.15 | (300) |
| BRL buy / USD sale | BRL | 545,000 | 7 | (6,339) | (6,331) | 12/2025 | 5.94 | (6,497) |
| USD-sale / CZK-buy | USD | 81,400 | 0 | (3,917) | (3,917) | 09/2025 | 22.90 | (3,166) |
| USD-sale / EUR-buy | USD | 25,400 | 0 | (1,142) | (1,142) | 09/2025 | 1.10 | (1,142) |
| **Total** | | | **7** | **(12,395)** | **(12,387)** | | | **(12,299)** |

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

### Nominal value, fair value and hedging period of cash flow hedge derivatives for currency risks (previous year)

| | | | 31/12/2023 | | | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|
| | | Nominal value in '000 | Positive fair value | Negative fair value | Net fair value | Hedging period until | Average hedging rate | Change in fair value used to calculate ineffective-ness |
| Forward foreign exchange contracts | | | | | | | | |
| CNY/CNH-sale / EUR-buy | CNY/CNH | 614,700 | 1,223 | (116) | 1,107 | 11/2024 | 7.70 | 936 |
| CNY/CNH-sale / GBP-buy | CNY/CNH | 172,300 | 291 | (27) | 264 | 11/2024 | 8.79 | 256 |
| BRL buy / USD sale | BRL | 265,000 | 1,429 | 0 | 1,429 | 09/2024 | 5.08 | 1,305 |
| USD-sale / CZK-buy | USD | 111,300 | 429 | (1,802) | (1,373) | 12/2024 | 22.21 | (3,051) |
| USD-sale / EUR-buy | USD | 33,200 | 329 | (72) | 257 | 12/2024 | 1.10 | 255 |
| **Total** | | | **3,702** | **(2,018)** | **1,684** | | | **(299)** |

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

The carrying amounts and the ineffectiveness of the hedged items (purchases and sales) designated as hedging instruments as of the balance sheet dates are as follows:

**Disclosures on hedged items of cash flow hedge derivatives for currency risks - ineffectiveness** EUR '000

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| **Currency risks** | **Change in fair value used to calculate ineffectiveness** | **Ineffectiveness** | **Line item in the income statement** | **Change in fair value used to calculate ineffectiveness** | **Ineffectiveness** | **Line item in the income statement** |
| Sales | (5,802) | 0 | Financial result | (1,604) | 0 | Financial result |
| Purchases | (6,497) | 0 | Financial result | 1,305 | 0 | Financial result |
| **Total** | **(12,299)** | **0** | | **(299)** | **0** | |

## Cash flow hedge derivatives for combined interest rate/currency risks and interest rate risks

The Lenzing Group deploys derivative financial instruments in order to hedge interest rate/currency risks arising from private placements denominated in US dollars. Hedges are utilized to offset the variability of interest and principal payments resulting from the hedged item. These private placements expired on schedule in December 2024 and were repaid.

The Lenzing Group uses derivative financial instruments to hedge interest rate risks arising from loans taken out with variable interest rates. These hedges are used to offset the variability of cash flows from future interest payments resulting from the hedged item. Some of these hedges were repaid early in the 2024 financial year due to the refinancing of a Lenzing Group subsidiary. The nominal value at the time when the hedge accounting was terminated amounted to USD 395,032 thousand. Due to the early termination, income of EUR 17,377 thousand from the interest rate hedging reserve was reclassified to the consolidated income statement (Financial result).

The nominal values and fair values of the cash flow hedge derivatives for combined interest rate/currency risks and interest rate risks are as follows as at the reporting dates:

**Nominal, fair value and hedging period of cash flow hedge derivatives for combined interest rate/currency risks and interest rate risks**

| | 31/12/2024 | | | | | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|
| | **Nominal in EUR '000** | **Positive fair value** | **Negative fair value** | **Net fair value** | **Hedging period until** | **Average fixed interest rate** | **Average hedging rate** | **Change in fair value used to calculate ineffectiveness** |
| Interest rate and currency derivatives | | | | | | | | |
| Fixed purchase / variable sale USD purchase / EUR sale | 0 | 0 | 0 | 0 | - | 0.00 | - | 0 |
| | **0** | **0** | **0** | **0** | | | | **0** |
| Interest rate derivative | | | | | | | | |
| Fixed purchase / variable sale | 100,000 | 0 | (2,457) | (2,457) | 12/2028 | 2.98 | - | (2,426) |
| Fixed purchase / variable sale | 0 | 0 | 0 | 0 | - | 0.00 | - | 0 |
| | **100,000** | **0** | **(2,457)** | **(2,457)** | | | | **(2,426)** |
| **Total** | **100,000** | **0** | **(2,457)** | **(2,457)** | | | | **(2,426)** |

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

**Nominal, fair value and hedging period of cash flow hedge derivatives for combined interest rate/currency risks and interest rate risks (previous year)**

| | 31/12/2023 | | | | | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|
| | Nominal in EUR '000 | Positive fair value | Negative fair value | Net fair value | Hedging period until | Average fixed interest rate | Average hedging rate | Change in fair value used to calculate ineffective-ness |
| Interest rate and currency derivatives | | | | | | | | |
| Fixed purchase / variable sale USD purchase / EUR sale | 58,824 | 2,012 | 0 | 2,012 | 12/2024 | 0.75 | 1.10 | 2,143 |
| | **58,824** | **2,012** | **0** | **2,012** | | | | **2,143** |
| Interest rate derivative | | | | | | | | |
| Fixed purchase / variable sale | 100,000 | 0 | (2,109) | (2,109) | 12/2028 | 2.98 | - | (2,099) |
| Fixed purchase / variable sale | 393,213 | 25,103 | 0 | 25,103 | 06/2029 | 1.83 | - | 25,233 |
| | **493,213** | **25,103** | **(2,109)** | **22,994** | | | | **23,134** |
| **Total** | **552,036** | **27,116** | **(2,109)** | **25,006** | | | | **25,276** |

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

The carrying amounts and the ineffectiveness of the hedged items (loans) designated as hedging instruments as at the balance sheet dates are as follows:

**Disclosures relating to hedged items of cash flow hedge derivatives for combined interest rate/currency risks and interest rate risks - ineffectiveness** **EUR '000**

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Change in fair value used to calculate ineffectiveness | Ineffectiveness | Line item in the income statement | Change in fair value used to calculate ineffectiveness | Ineffectiveness | Line item in the income statement |
| Combined interest/currency rate | | | | | | |
| Fixed purchase / variable sale USD purchase / EUR sale | 0 | 0 | Financial result | 2,143 | 0 | Financial result |
| | **0** | **0** | | **2,143** | **0** | |
| Interest rate derivative | | | | | | |
| Fixed purchase / variable sale | (2,426) | (32) | Financial result | 23,134 | (10) | Financial result |
| | **(2,426)** | **(32)** | | **23,134** | **(10)** | |
| **Total** | **(2,426)** | **(32)** | | **25,276** | **(10)** | |

## Cash flow hedge derivatives for commodity price risks

In addition to physical purchase contracts, the Lenzing Group deploys derivative financial instruments in order to hedge against gas price risks. These hedges are used to offset the variability of cash flows from future gas price payments deriving from the hedged item.

The nominal values and fair values of the commodity hedges are as follows as at the reporting dates:

**Nominal value, fair value and hedging period of cash flow hedge derivatives for commodity price risks**

| | | 31/12/2024 | | | | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|
| | | Nominal in MWh | Positive fair value | Negative fair value | Net fair value | Hedging period until | Average hedging rate | Change in fair value used to calculate ineffective-ness |
| Commodity derivatives | | | | | | | | |
| Gas purchase | EUR | 8,779 | 0 | (35) | (35) | 03/2025 | 51.60 | (35) |
| Gas purchase | EUR | 51,420 | 609 | 0 | 609 | 12/2025 | 34.03 | 609 |
| Gas purchase | EUR | 12,048 | 104 | 0 | 104 | 03/2026 | 33.57 | 104 |
| Gas purchase | EUR | 29,231 | 36 | 0 | 36 | 12/2026 | 36.70 | 36 |
| Gas purchase | GBP | 38,189 | 167 | (134) | 33 | 03/2025 | 48.22 | 33 |
| Gas purchase | GBP | 62,821 | 300 | (156) | 145 | 06/2025 | 45.84 | 145 |
| Gas purchase | GBP | 89,939 | 396 | (37) | 359 | 09/2025 | 43.20 | 359 |
| Gas purchase | GBP | 64,080 | 351 | 0 | 351 | 12/2025 | 40.66 | 351 |
| Gas purchase | GBP | 44,404 | 127 | 0 | 127 | 03/2026 | 42.42 | 127 |
| Gas purchase | GBP | 29,976 | 81 | 0 | 81 | 06/2026 | 34.95 | 81 |
| Gas purchase | GBP | 17,022 | 61 | 0 | 61 | 09/2026 | 32.63 | 61 |
| Gas purchase | GBP | 11,348 | 12 | 0 | 12 | 12/2026 | 37.03 | 12 |
| | | **459,257** | **2,242** | **(361)** | **1,882** | | | **1,882** |

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

**Nominal value, fair value and hedging period of cash flow hedge derivatives for commodity price risks (previous year)**

| | | 31/12/2023 | | | | | | EUR '000 |
|---|---|---|---|---|---|---|---|---|
| | | Nominal in MWh | Positive fair value | Negative fair value | Net fair value | Hedging period until | Average hedging rate | Change in fair value used to calculate ineffective-ness |
| Commodity derivatives | | | | | | | | |
| Gas purchase | EUR | 33,699 | 0 | (665) | (665) | 09/2024 | 52.00 | (661) |
| Gas purchase | EUR | 8,779 | 0 | (118) | (118) | 03/2025 | 51.60 | (118) |
| Gas purchase | GBP | 17,206 | 0 | (256) | (256) | 09/2024 | 40.63 | (256) |
| Gas purchase | GBP | 250,702 | 0 | (5,234) | (5,234) | 12/2024 | 46.93 | (5,200) |
| Gas purchase | GBP | 16,642 | 0 | (235) | (235) | 03/2025 | 47.44 | (235) |
| Gas purchase | GBP | 33,871 | 0 | (436) | (436) | 06/2025 | 43.86 | (436) |
| Gas purchase | GBP | 45,342 | 0 | (464) | (464) | 09/2025 | 40.05 | (464) |
| | | **406,243** | **0** | **(7,407)** | **(7,407)** | | | **(7,369)** |

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

The carrying amounts and the ineffectiveness of the hedged items designated as hedging instruments as at the balance sheet dates are as follows:

**Disclosures relating to hedged items of cash flow hedge derivatives for commodity price risks - ineffectiveness** **EUR '000**

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| **Commodity derivatives** | **Change in fair value used to calculate ineffectiveness** | **Ineffectiveness** | **Line item in the income statement** | **Change in fair value used to calculate ineffectiveness** | **Ineffectiveness** | **Line item in the income statement** |
| Commodity price risks | | | | | | |
| Purchases | 1,882 | 0 | Cost of sales | (7,369) | (38) | Cost of sales |
| **Total** | **1,882** | **0** | | **(7,369)** | **(38)** | |

## Hedging Reserve

The change in the hedging reserve is as follows:

**Changes in the hedging reserve** **EUR '000**

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Hedging reserve** | **Cost of hedging** | **Total** | **Hedging reserve** | **Cost of hedging** | **Total** |
| Hedging reserve as at 01/01 | 3,654 | 5,377 | 9,031 | 28,609 | 10,776 | 39,385 |
| | | | | | | |
| Currency risks | (21,450)[1] | 0 | (21,450) | 13,911 | 0 | 13,911 |
| Combined interest rate/currency risks | 3,238 | 0 | 3,238 | 3,241 | (3,417) | (176) |
| Interest rate risks | (2,711) | 0 | (2,711) | 4,017 | 0 | 4,017 |
| Commodity price risks | 2,964 | 0 | 2,964 | (18,268) | 0 | (18,268) |
| Cash flow hedges - changes in fair value recognized during the year | (17,960) | 0 | (17,960) | 2,901 | (3,417) | (516) |
| | | | | | | |
| Currency risks | 3,682 | 254 | 3,935 | (17,749) | (1,858) | (19,607) |
| Commodity price risks | 6,444 | 0 | 6,444 | 16,500 | 0 | 16,500 |
| Reclassification to earnings before interest and tax (EBIT) | 10,126 | 254 | 10,379 | (1,249) | (1,858) | (3,107) |
| | | | | | | |
| Currency risks | 4,781 | (165) | 4,615 | (5,571) | (125) | (5,696) |
| Reclassification to inventories | 4,781 | (165) | 4,615 | (5,571) | (125) | (5,696) |
| | | | | | | |
| Combined interest rate/currency risks | (3,032) | 0 | (3,032) | (3,740) | 0 | (3,740) |
| Interest rate risks | (25,059) | 0 | (25,059) | (17,295) | 0 | (17,295) |
| Reclassification to financial result | (28,091) | 0 | (28,091) | (21,035) | 0 | (21,035) |
| | | | | | | |
| Reclassifications | (1,386) | 0 | (1,386) | 0 | 0 | 0 |
| **Hedging reserve as at 31/12** | **(28,876)** | **5,465** | **(23,411)** | **3,654** | **5,377** | **9,031** |

1) This includes a gain of EUR 4,550 thousand from the early termination of a currency hedge

## Offsetting financial assets and liabilities

The Lenzing Group has concluded a number of framework netting agreements (in particular, master netting arrangements) with some credit institutions. The amounts owed by each counterparty under such agreements on a single day in the same currency based on the total outstanding transactions are aggregated into a single net amount to be paid by one party to the other.

The following tables present information on offsetting financial assets and liabilities in the consolidated statement of financial position on the basis of framework netting agreements. The (gross) amounts presented in the "Financial assets" and "Financial liabilities" columns correspond to the (net) financial assets and liabilities recognized in the statement of financial position. The column "effect of framework netting agreements" shows the amounts which result from these types of agreements, but which do not meet the criteria for offsetting in the IFRS consolidated statement of financial position.

**Offsetting of financial instruments** EUR '000

| Financial assets as at 31/12/2024 | Financial assets (gross=net) | Effect of framework netting agreements | Net amounts |
|---|---|---|---|
| Other financial assets - derivative financial instruments with a positive fair value | 2,520 | (243) | 2,276 |
| **Financial assets as at 31/12/2023** | | | |
| Other financial assets - derivative financial instruments with a positive fair value | 37,930 | (885) | 37,045 |

**Offsetting of financial instruments** EUR '000

| Financial liabilities as at 31/12/2024 | Financial liabilities (gross=net) | Effect of framework netting agreements | Net amounts |
|---|---|---|---|
| Other financial liabilities - derivative financial instruments with a negative fair value | 24,091 | (243) | 23,848 |
| **Financial liabilities as at 31/12/2023** | | | |
| Other financial liabilities - derivative financial instruments with a negative fair value | 12,553 | (885) | 11,668 |

## Transfer of financial assets (sale of receivables/ factoring)

Factoring agreements are in place which require the banks to purchase certain trade receivables from the Lenzing Group for a revolving monthly nominal amount. The Lenzing Group is entitled to sell these receivables. The agreements have indefinite terms, whereby each party has the right to cancel the agreements with notice period of three months to each calendar quarter and allow them to expire. As at December 31, 2024 the factoring agreements have a maximum usable nominal volume totaling EUR 90,000 thousand (December 31, 2023: EUR 90,000 thousand), of which USD 72,000 thousand (December 31, 2023: USD 33,000 thousand) in US dollars can be utilized.

The risks relevant to the risk assessment of the receivables sold include credit default risk (del credere risk), foreign currency risk in the case of receivables denominated in foreign currencies, and the risk of late payments. Credit risk-related defaults and, in the case of receivables in foreign currencies, exchange rate fluctuations represent the main opportunities and risks associated with these receivables. The risk of late payments is borne by the Lenzing Group in all factoring agreements and is considered to be negligible.

The Lenzing Group assumes a default liability of 10 percent per payment default. This amount, which cannot be reimbursed by another party, is not advanced by the bank. The remaining credit default risk (90 percent per default) and – in the case of receivables not denominated in the reporting currency – foreign currency risk is assumed by the bank. Consequently, the main opportunities and risks were divided between the Lenzing Group and the bank; however, the power of disposal over the receivables was transferred to the bank. The Lenzing Group has undertaken to take out credit insurance for the receivables sold and to assume responsibility for debtor management. The banks involved have the right to transfer overdue receivables back to the Lenzing Group for procedural reasons in the event of a legal dispute. However, this does not transfer the credit default risk back to the Lenzing Group and has no effect on the Lenzing Group's liquidity position.

As at December 31, 2024, receivables under the factoring agreements totaling EUR 85,655 thousand (December 31, 2023: EUR 77,442 thousand) were sold and derecognized from the Lenzing Group's consolidated statement of financial position. As at December 31, 2024, the unadvanced amount was recognized under other current assets (financial) in the amount of EUR 8,566 thousand (December 31, 2023: EUR 7,744 thousand). The fair values correspond approximately to the stated carrying amounts, as in particular the remaining terms of the respective receivables are also categorized as current.

From the Lenzing Group's perspective, the unadvanced amount stated above corresponds to the theoretical maximum credit-risk-related loss for the assumption of the default liability. The fair value of this default liability amounts to EUR 10 thousand as at December 31, 2024 (December 31, 2023: EUR 12 thousand). An other current liability (financial) equivalent to the fair value of this contingent liability was recognized. For the obligations assumed and risks arising from the factoring agreements, EUR 14 thousand other current liabilities (financial) were recognized as at December 31, 2024 (December 31, 2023: EUR 20 thousand). In the 2024 financial year, service fees amounting to EUR 186 thousand were expensed (2023:

EUR 172 thousand) in the other operating expenses. Since the start of the agreement, a cumulative amount of EUR 525 thousand has been expensed. At the time of the transfer of the receivables, a total of EUR 315 thousand was expensed.

Payments received from customers in the period between the last advance and December 31 are deferred in other financial liabilities (current).

In the financial year under review, the Lenzing Group also sold letter of credit receivables due from customers to a bank. All opportunities and risks associated with the letter of credit receivables and the remaining trade receivables have been transferred to the bank. As a consequence, the trade receivables have been fully derecognized from the Lenzing Group's consolidated financial statements. As at December 31, 2024, due to the sale of letter of credit receivables, trade receivables amounting to EUR 25,316 thousand were derecognized from the Lenzing Group's consolidated statement of financial position (December 31, 2023: EUR 0 thousand).

## Note 36. Net interest and net result from financial instruments and net foreign currency result

### Net interest and net result

The following table shows the net interest and net result from financial instruments by class/measurement category in accordance with IFRS 9:

**Net interest and net result from financial instruments** EUR '000

| 2024 | Interest income | Interest expense | Net interest | From subsequent measure-ment at fair value through profit or loss | From subsequent measure-ment at fair value through other comprehensive income | Measured at fair value through other comprehensive income and reclassified to profit or loss | From impairment/ reversal of an impairment loss | Result on disposal | Net result (total) |
|---|---|---|---|---|---|---|---|---|---|
| Financial assets measured at amortized cost | 27,443 | 0 | 27,443 | 0 | 0 | 0 | (1,929) | 0 | **25,514** |
| Financial assets measured at fair value through profit or loss | 39 | 0 | 39 | 118 | 0 | 0 | 0 | 0 | **156** |
| Equity instruments measured at fair value through other comprehensive income | 156 | 0 | 156 | 0 | (334) | 0 | 0 | 0 | **(179)** |
| Financial liabilities measured at amortized cost | 0 | (164,004) | (164,004) | 0 | 0 | 0 | 0 | 0 | **(164,004)** |
| Financial liabilities measured at fair value through profit or loss | 0 | 0 | 0 | (273) | 0 | 0 | 0 | 0 | **(273)** |
| **Total** | **27,637** | **(164,004)** | **(136,366)** | **(155)** | **(334)** | **0** | **(1,929)** | **0** | **(138,785)** |

**Net interest and net result from financial instruments (previous year)** **EUR '000**

| 2023 | Interest income | Interest expense | Net interest | From subsequent measure-ment at fair value through profit or loss | From subsequent measure-ment at fair value through other comprehensive income | Measured at fair value through other comprehensive income and reclassified to profit or loss | From impairment/ reversal of an impairment loss | Result on disposal | Net result (total) |
|---|---|---|---|---|---|---|---|---|---|
| Financial assets measured at amortized cost | 16,270 | 0 | 16,270 | 0 | 0 | 0 | (6,534) | 0 | **9,737** |
| Financial assets measured at fair value through profit or loss | 64 | 0 | 64 | 1,628 | 0 | 0 | (4,087) | 0 | **(2,395)** |
| Equity instruments measured at fair value through other comprehensive income | 203 | 0 | 203 | 0 | (3,412) | 0 | 0 | 0 | **(3,209)** |
| Financial liabilities measured at amortized cost | 0 | (124,091) | (124,091) | 0 | 0 | 0 | 0 | 0 | **(124,091)** |
| Financial liabilities measured at fair value through profit or loss | 0 | 0 | 0 | 57 | 0 | 0 | 0 | 0 | **57** |
| **Total** | **16,537** | **(124,091)** | **(107,553)** | **1,685** | **(3,412)** | **0** | **(10,621)** | **0** | **(119,902)** |

The net result from financial instruments comprises the following: net interest (current interest income and expenses, including the amortization of premiums and discounts and dividends from companies not accounted for using the equity method), gains/losses on fair value measurement which are recognized in profit or loss or through other comprehensive income and the result of impairment losses (recognition and reversal of bad debt provisions/valuation adjustments) and on disposals. Income from equity and debt instruments measured at fair value through other comprehensive income includes gains/losses from remeasurement and from the reclassification of remeasurement gains/losses to profit or loss. Net result from financial instruments does not include exchange rate gains/losses (with the exception of financial instruments carried at fair value through profit or loss), commitment fees and gains/losses from hedging instruments (cash flow hedges).

The change in the bad debt provisions for receivables measured at amortized cost is mainly recognized under "income from non-current and current financial assets".

The component recognized directly in equity from the subsequent measurement of equity and debt instruments measured at fair value through other comprehensive income is reported under the "reserve for financial assets measured at fair value through other comprehensive income". The remaining components of the net result are included under "income from non-current and current financial assets" (see note 13) and in "financing costs" (see note 14).

### Net foreign currency result

Net foreign currency gains/losses are included in other operating income/expenses in the amount of EUR plus 10,202 thousand (2023: EUR minus 17,186 thousand), in income from non-current and current financial assets in the amount of EUR plus 7,422 thousand (2023: EUR minus 13,424 thousand), and in financing costs in the amount of EUR minus 164 thousand (2023: EUR plus 1,982 thousand).

## Note 37. Financial risk management

As an international company, the Lenzing Group is exposed to financial and other market risks. A company-wide risk management system, which is regulated comprehensively in guidelines, has been implemented to identify and assess potential risks at an early stage. This system is designed to achieve maximum risk transparency and provide high-quality information by quantifying all risk categories, with a particular emphasis on risk concentration. The efficiency of group-wide risk management is evaluated and monitored on an ongoing basis by both the internal control system (ICS) and the internal audit department.

The financial risks arising from financial instruments – credit risk, liquidity risk, currency risk (above all with regard to the BRL, CNY, CZK, HKD, IDR, THB and USD), commodity price risk and interest rate risk – are classified as relevant risks for the Lenzing Group. Corresponding hedging measures are used to minimize these risks wherever possible.

### Credit risk

Credit risk represents the risk of asset losses that may result from the failure of individual business partners to meet their contractual obligations. The credit risk from transactions involving the provision of goods and services (in particular, trade receivables) is secured in part by credit insurance and bank security (guarantees, letters of credit, bills of exchange etc.). Outstanding receivables and customer limits are monitored on an ongoing basis. The credit risk from investments at banks (particularly cash and cash equivalents) and derivatives with positive market values is reduced by ensuring that transactions are only concluded with counterparties with good credit ratings, and that investment limits are defined and continuously monitored for these banks.

Receivables are measured individually. Individual bad debt provisions are recognized for receivables if there are indications of credit impairment (individual measurement) and if they are not expected to be collectible in full. This applies especially when the debtor has significant financial difficulties, is in default or has delayed payments or when there is an increased probability that the debtor will enter bankruptcy, and the involved receivable is not sufficiently collateralized. The expected loss is low because of the Lenzing Group's comprehensive receivables management (extensive collateralization with credit insurance and bankable security as well as continuous monitoring of accounts receivable and customer limits).

To determine the required impairment for trade receivables for which no individual bad debt provisions were recognized, the defaults of the past years were evaluated in the Lenzing Group. The analysis has shown that there is only an immaterial risk for receivables overdue for a certain period.

The loss ratios are based on historical default rates of the last ten years, whereby a distinction is drawn between companies and overdue periods. The default rates were multiplied by a macroeconomic factor weighted by geographical area in order to reflect the economic conditions over the expected term of the receivables.

For originated loans and other financial assets (current and non-current), which are measured at amortized cost, as well as cash and cash equivalents, the calculation of impairment is based on the average default rates. The impairment is based on the default rate per rating for the respective financial instrument. A significant change in credit risk is identified based on the rating and default of payment. Regarding instruments with a low credit risk, the Lenzing Group assumes that the credit risk has not increased significantly since the first recognition. Consequently, the twelve-month credit loss is always recognized for such instruments. Since the expected impairment is immaterial, no expected credit loss is recorded for these financial assets.

Due to the insolvency application filed by Kelheim Fibres GmbH (KFG), a wholly owned subsidiary of EFB, an increased risk exists of default on receivables from these companies. The expected credit losses were calculated on the basis of the difference between the contractual payments and all future payments anticipated by the management.

Trade receivables are considered defaulted when they are overdue for more than 270 days or when it is unlikely that the debtor can meet the obligations without the realization of collateral. This long period is due to the fact that around 90 percent of trade receivables are secured by credit insurance or bank collateral (guarantees, letters of credit, bills of exchange, etc.).

Financial assets are only derecognized directly if the contractual rights to payments cease to exist (particularly in the event of bankruptcy). An impairment loss is reversed up to amortized cost if the reasons for its recognition no longer exist.

The Group considers the risk concentration in trade receivables to be rather low because its customers are based in various countries, operate in different sectors and are active on largely independent markets. A rather small amount of the receivables is overdue and not individually impaired (see table "aging of receivables" below). Important effects for a change in bad debt provisions include possible default of payment by major customers or a general increase of receivables at the reporting date. During the 2024 financial year there was no significant increase in defaults.

The bad debt provisions developed as follows:

**Development and reconciliation of bad debt provisions** EUR '000

| 2024 | Lifetime expected credit loss (portfolio measurement) | Lifetime expected credit loss (individual measurement) |
|---|---|---|
| Trade receivables | | |
| Bad debt provisions as at 01/01 | 383 | 5,492 |
| Utilization | 0 | (2) |
| Reversal | (120) | (2) |
| Addition | 41 | 950 |
| Currency translation adjustment | 7 | 126 |
| **Bad debt provisions as at 31/12** | **311** | **6,564** |

**Development and reconciliation of bad debt provisions (previous year)** EUR '000

| 2023 | Lifetime expected credit loss (portfolio measurement) | Lifetime expected credit loss (individual measurement) |
|---|---|---|
| Trade receivables | | |
| Bad debt provisions as at 01/01 | 328 | 7,605 |
| Utilization | 0 | (98) |
| Reversal | (63) | (1,772) |
| Addition | 123 | 42 |
| Currency translation adjustment | (5) | (284) |
| **Bad debt provisions as at 31/12** | **383** | **5,492** |

### Lifetime expected credit loss (individual measurement) EUR '000

| | 2024 | 2023 |
|---|---|---|
| Originated loans at amortized cost | | |
| Bad debt provisions as at 01/01 | 15,029 | 8,234 |
| Reversal | 0 | (800) |
| Addition | 100 | 7,616 |
| Currency translation adjustment | 29 | (21) |
| **Bad debt provisions as at 31/12** | **15,158** | **15,029** |
| | | |
| Other financial assets (non-current and current) | | |
| Bad debt provisions as at 01/01 | 1,234 | 1,209 |
| Reversal | 0 | (561) |
| Addition | 961 | 587 |
| **Bad debt provisions as at 31/12** | **2,195** | **1,234** |

The bad debt provisions for trade receivables include bad debt provisions of EUR 950 thousand (December 31, 2023: EUR 0 thousand) for companies accounted for using the equity method. Impairment losses on loans include impairment losses on companies accounted for using the equity method and their subsidiaries in the amount of EUR 5,000 thousand (December 31, 2023: EUR 5,000 thousand).

The bad debt provisions for trade receivables are related primarily to bad debt provisions for overdue, uninsured receivables.

The age structure of the financial receivables is as follows:

### Aging and expected credit loss for trade receivables EUR '000

| 31/12/2024 | Gross carrying amount | Expected credit loss |
|---|---|---|
| Not overdue | 297,312 | 235 |
| Overdue up to 30 days | 16,398 | 29 |
| Overdue for 31 to 90 days | 1,307 | 3 |
| Overdue for 91 to 365 days | 1,150 | 11 |
| Overdue for more than one year | 33 | 33 |
| Credit impaired receivables (individual measurement) | 8,857 | 6,564 |
| **Total** | **325,057** | **6,875** |

### Aging and expected credit loss for trade receivables (previous year) EUR '000

| 31/12/2023 | Gross carrying amount | Expected credit loss |
|---|---|---|
| Not overdue | 276,739 | 255 |
| Overdue up to 30 days | 16,196 | 55 |
| Overdue for 31 to 90 days | 1,646 | 9 |
| Overdue for 91 to 365 days | 58 | 3 |
| Overdue for more than one year | 61 | 61 |
| Credit impaired receivables (individual measurement) | 5,654 | 5,492 |
| **Total** | **300,355** | **5,875** |

### Aging of financial receivables EUR '000

| 2024 | Originated loans | Other financial receivables (current and non-current) |
|---|---|---|
| Gross carrying amount as at 31/12 | 45,670 | 30,390 |
| Thereof not overdue | 30,512 | 28,195 |
| Thereof impaired | 15,158 | 2,195 |

### Aging of financial receivables (previous year) EUR '000

| 2023 | Originated loans | Other financial receivables (current and non-current) |
|---|---|---|
| Gross carrying amount as at 31/12 | 29,590 | 63,262 |
| Thereof not overdue | 14,561 | 62,028 |
| Thereof impaired | 15,029 | 1,234 |

Securities in the scope of the impairment rules of IFRS 9 as well as cash and cash equivalents have a rating between AAA and BBB.

There are currently no doubts concerning the collectability of financial assets that are neither past due nor impaired.

The maximum exposure to credit risk from recognized financial assets is as follows:

**Maximum exposure to credit risk from recognized financial assets** **EUR '000**

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Carrying amount of asset financial instruments (see note 35) | 837,081 | 1,121,905 |
| Less risk reduction in relation to receivables due to | | |
| Credit insurance received for trade receivables (not including deductibles) | (179,139) | (138,717) |
| Guarantees received for trade receivables | (34,053) | (24,856) |
| **Total** | **623,889** | **958,332** |

The maximum exposure to credit risk from financial guarantee contracts and contingent liabilities is shown in note 40.

## Liquidity risk

Liquidity risk represents the risk of not being able to obtain sufficient funds to settle incurred liabilities at all times. The management of liquidity risk has a high priority in the Lenzing Group. Corporate guidelines require uniform, proactive liquidity planning and medium-term planning throughout the entire Group. Ensuring solvency for current and future obligations at all times comprises a key objective of the Lenzing Group's risk management activities. For this reason, the risk of a potential liquidity shortfall is monitored constantly.

To secure short and medium-term liquidity, a reserve is held in the form of bank balances and unutilized credit lines at banks. If necessary, surplus liquid funds are invested in non-speculative, highly liquid financial instruments. These are mainly overnight money, fixed-term deposits and money market securities, which generally have a term of less than three months.

Liquidity risks are determined by rolling liquidity planning conducted throughout the Group. On the basis of the results of rolling liquidity planning and medium-term planning, appropriate financing and capital measures are planned and implemented at an early stage.

The Lenzing Group's refinancing options are determined by numerous financial, macroeconomic and other factors, which the Lenzing Group management takes into consideration as part of its short- and medium-term liquidity management.

The original loan agreements, which were concluded for the construction of the pulp mill in Brazil, were repaid in full in the fourth quarter of 2024. A loan agreement was concluded with banks, and a bond was issued for refinancing purposes (see note 28). The bond was issued by LD Celulose International GmbH, Vienna a wholly owned subsidiary of LD Celulose S.A., Indianópolis, Brazil. The loan is repayable in tranches until October 2029 and the bond matures in January 2032. The loan has a carrying amount of EUR 313,909 thousand as at December 31, 2024, and contains a financial covenant at company level only, which relates to financial and liquidity ratios. This covenant is tested on a quarterly basis and may trigger a repayment obligation in relation to the financial liabilities in the event of non-compliance. The financial covenant stipulates that the total net debt of LD Celulose S.A., Indianópolis, Brazil and of LD Florestal S.A., Indianópolis, Brazil may not exceed a certain level of the total adjusted EBITDA of these companies as of each quarter-end. For the reporting period, this ratio was set at a multiple of 4.5, which will decrease in subsequent years as the company's debt is reduced in accordance with planning. This financial covenant is continuously monitored by both the company's local treasury function and the Corporate Treasury function. The relevant ratios were complied with in the reporting year 2024. The Lenzing Group assumes that the respective companies mentioned above will comply with the requirements for a period of at least 12 months after the balance sheet date.

The Lenzing Group had liquid assets totaling EUR 451,681 thousand (December 31, 2023: EUR 731,037 thousand) in the form of cash and cash equivalents including money market funds and liquid bills of exchange as at the balance sheet date (see note 34). Unused credit facilities of EUR 198,075 thousand were available as at December 31, 2024 (December 31, 2023: EUR 202,990 thousand) to finance necessary working capital and to cover any shortfalls caused by economic cycles. The medium- and long-term financing for the Lenzing Group is provided by equity (incl. hybrid capital) and financial liabilities, in particular bonds, private placements and bank loans. Current financial liabilities can regularly be extended or refinanced with other lenders. Trade payables provide short-term financing for the goods and services purchased. The liabilities covered by supplier finance agreements are settled in line with their agreed maturity, whereby the related cash outflows are included in liquidity planning. Cash inflows for trade receivables covered by factoring agreements are included in liquidity planning.

The contractually agreed (undiscounted) interest and principal payments for primary financial liabilities (including financial guarantee contracts) are shown below:

**Maturity analysis of non-derivative financial liabilities** EUR '000

| | Carrying amount as at 31/12/2024 | Cash flows 2025 | Cash flows 2026 to 2029 | Cash flows from 2030 |
|---|---|---|---|---|
| Bond | 608,553 | 40,270 | 197,913 | 746,062 |
| Private placements | 334,208 | 77,157 | 261,878 | 14,166 |
| Bank loans | 1,008,322 | 253,245 | 934,301 | 12,057 |
| Loans from other lenders | 33,049 | 5,083 | 25,794 | 2,821 |
| Lease liabilities | 123,862 | 23,420 | 66,135 | 277,444 |
| Trade payables | 386,383 | 386,383 | 0 | 0 |
| Puttable non-controlling interests | 230,954 | 0 | 0 | 356,133 |
| Other financial liabities[1] | 142,277 | 140,631 | 1,646 | 0 |
| **Total** | **2,867,609** | **926,189** | **1,487,667** | **1,408,683** |
| Thereof: | | | | |
| Interest payments (fixed) | | 61,081 | 256,313 | 301,666 |
| Interest payments (partly fixed) | | 142 | 470 | 11 |
| Interest payments (variable) | | 54,037 | 120,256 | 457 |
| Repayment | | 810,928 | 1,110,628 | 1,106,549 |

1) The above includes the maximum possible payment obligations from financial guarantee contracts. The amounts are assumed to be due in the first year.

**Maturity analysis of non-derivative financial liabilities (previous year)** EUR '000

| | Carrying amount as at 31/12/2023 | Cash flows 2024 | Cash flows 2025 to 2028 | Cash flows from 2029 |
|---|---|---|---|---|
| Bond | 0 | 0 | 0 | 0 |
| Private placements | 567,805 | 249,334 | 328,667 | 28,712 |
| Bank loans | 1,687,892 | 370,140 | 1,298,770 | 356,830 |
| Loans from other lenders | 37,890 | 5,139 | 25,104 | 8,494 |
| Lease liabilities | 142,107 | 26,318 | 77,048 | 344,065 |
| Trade payables | 296,322 | 296,322 | 0 | 0 |
| Puttable non-controlling interests | 249,418 | 0 | 0 | 385,657 |
| Other financial liabities[1] | 62,650 | 58,454 | 4,195 | 0 |
| **Total** | **3,044,084** | **1,005,707** | **1,733,785** | **1,123,758** |
| Thereof: | | | | |
| Interest payments (fixed) | | 31,776 | 89,903 | 232,410 |
| Interest payments (partly fixed) | | 143 | 559 | 64 |
| Interest payments (variable) | | 82,940 | 176,299 | 26,654 |
| Repayment | | 890,849 | 1,467,023 | 864,631 |

1) The above includes the maximum possible payment obligations from financial guarantee contracts. The amounts are assumed to be due in the first year.

The above tables include all primary financial liabilities held at the reporting date but exclude estimated future liabilities. Foreign currency amounts were translated with the spot exchange rate in effect at the reporting date. Floating rate interest payments were calculated on the basis of the last interest rates set before the reporting date. Financial liabilities that are repayable at any time are always assigned to the earliest time period.

The contractually agreed (undiscounted) interest and principal payments for derivative financial instruments are as follows:

**Maturity analysis of derivative financial instruments** EUR '000

| | Carrying amount as at 31/12/2024 | Cash flows 2025 | Cash flows 2026 to 2029 | Cash flows from 2030 |
|---|---|---|---|---|
| Currency, combined currency/interest rate and interest rate derivatives and commodity derivatives | | | | |
| Derivatives with a positive fair value (cash flow hedges) | 2,250 | 1,830 | 420 | 0 |
| Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss) | 270 | 270 | 0 | 0 |
| **Positive fair value** | **2,520** | **2,099** | **420** | **0** |
| Derivatives with a negative fair value (cash flow hedges) | (15,213) | (12,756) | (2,457) | 0 |
| Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss) and contingent consideration | (8,878) | (7,729) | (1,150) | 0 |
| **Negative fair value** | **(24,091)** | **(20,484)** | **(3,607)** | **0** |
| **Total** | **(21,572)** | **(18,385)** | **(3,187)** | **0** |

Cash flows consist solely of principal and do not include any interest components.
Fair value: + = receivable, - = liability from the Lenzing Group's perspective

**Maturity analysis of derivative financial instruments (previous year)** EUR '000

| | Carrying amount as at 31/12/2023 | Cash flows 2024 | Cash flows 2025 to 2028 | Cash flows from 2029 |
|---|---|---|---|---|
| Currency, combined currency/interest rate and interest rate derivatives and commodity derivatives | | | | |
| Derivatives with a positive fair value (cash flow hedges) | 30,817 | 5,714 | 0 | 25,103 |
| Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss) | 7,113 | 6,466 | 0 | 647 |
| **Positive fair value** | **37,930** | **12,180** | **0** | **25,750** |
| Derivatives with a negative fair value (cash flow hedges) | (11,534) | (8,173) | (3,362) | 0 |
| Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss) and contingent consideration | (1,019) | (142) | (877) | 0 |
| **Negative fair value** | **(12,553)** | **(8,315)** | **(4,239)** | **0** |
| **Total** | **25,377** | **3,865** | **(4,239)** | **25,750** |

Cash flows consist solely of principal and do not include any interest components.
Fair value: + = receivable, - = liability from the Lenzing Group's perspective

## Currency risk

Cash flows from capital expenditures and the operating business as well as investments and financing in foreign currencies expose the member companies of the Lenzing Group to currency risks. Some foreign currency risks are hedged insofar as they affect the Group's cash flows. In the operating business, the individual group companies are exposed to currency risk in connection with planned incoming and outgoing payments which are not denominated in their functional currency. Forward foreign exchange contracts, which are recognized at fair value, are used to hedge the exchange rate risk from foreign currency positions arising from expected future transactions in foreign currencies by group companies.

For companies with the same functional currency, the respective net foreign currency exposures are calculated for the following sales year as part of the budgeting process. Foreign currency purchases and sales are aggregated into separate groups for each currency. Approximately 45 percent of the budgeted net exposure for the following financial year was hedged for USD/BRL, the dominant currency pair in the Lenzing Group, as at December 31, 2024 (December 31, 2023: EUR/CNY approximately 33 percent). The CNY also plays an important role. The resulting risk concentration at the reporting date can be seen in the following tables (especially the tables on "sensitivity analysis and risk exposure for foreign currency risks").

Translation risk is also regularly assessed and monitored at the Group level. Translation risk represents the risk arising from the consolidation of foreign investments whose functional currency is not the euro. The greatest risk exposure here is in relation to the US dollar.

## Commodity risk

In addition to physical purchase contracts, the Lenzing Group deploys derivative financial instruments in order to hedge against gas price risks (see note 35). The Group uses OTC gas swaps as cash flow hedges to manage gas price risks. The hedging strategies are determined based on the planned gas consumption figures in the relevant currency and are compared with the current market prices on a monthly basis ("market to market" assessment). The Lenzing Group is exposed to accounting-related price risks because of the gas swaps. These risks particularly relate to the possibility that fair value measurement of the gas swaps may result in a negative impact on other comprehensive income/equity in the event of an adverse change in market prices.

The Group is subject to the usual market price risks in connection with its business activities (especially relating to wood, chemicals, pulp and energy) which are not hedged with derivatives or financial instruments, but are protected through other measures (above all, long-term and short-term supply contracts with various suppliers). The Lenzing Group has concluded several long-term power purchase agreements for electricity generated from renewable energy sources in order to achieve its climate targets and hedge against fluctuating prices. The term amounts to 15 to 30 years. The contracted volume from 2025 onwards amounts to around 56 gigawatt hours. A fixed price was agreed for a significant part of the volume. Some of the electricity purchase agreements are leases where the payments are entirely variable and are consequently included in the variable lease payments (see note 20). The so-called "Own Use Exemption" is applied to the other part of the electricity purchase agreements. Provisions must be made for any contingent losses .

## Interest rate risk

The Lenzing Group is exposed to interest rate risk through its business-related financing and investing activities. Interest rate risks arise through potential changes in the market interest rate. They can lead to a change in the fair value of fixed rate financial instruments and to fluctuations in the cash flows from interest payments for floating rate financial instruments. Interest rate risks and the resulting risk concentrations are managed by monitoring and adjusting the composition of fixed rate and floating rate primary financial instruments on an ongoing basis and by the selective use of derivative financial instruments. The level of the resulting risk concentration as at the reporting date is presented in the following tables (see section "Sensitivity analysis and exposure for interest rate risks").

## Sensitivity analysis and exposure for currency risks

The Lenzing Group uses the following assumptions for its sensitivity analysis:

- The sensitivity of profit or loss is based on the receivables and liabilities recognized by the group companies which are denominated in a currency other than the functional currency of the relevant company and the open derivatives from cash flow hedges for currency risks in cases where the hedged item was already recognized in profit or loss as at the reporting date. The carrying amounts of the receivables and liabilities, respectively the nominal values of the derivatives, correspond to the exposure. The individual exposures are presented consistently in relation to the US dollar and euro for the aggregation to the Group's exposure.
- The sensitivity of other comprehensive income as at the reporting date is based on the open derivatives from cash flow hedges for currency risks in cases where the hedged item has not yet been recognized in profit or loss. The nominal value of the open derivatives corresponds to the exposure.

The following tables show the sensitivities and exposure for currency risk as at the reporting dates:

**Sensitivity analysis and risk exposure for foreign currency risks (EUR)** **EUR '000**

| | 31/12/2024 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | Group exposure in relation to EUR | Sensitivity to 10% devaluation of the EUR | Sensitivity to 10% revaluation of the EUR | Group exposure in relation to EUR | Sensitivity to 10% devaluation of the EUR | Sensitivity to 10% revaluation of the EUR |
| EUR-USD | 656,587 | 72,954 | (59,690) | 538,335 | 59,815 | (48,940) |
| EUR-GBP | (3,348) | (372) | 304 | (295) | (33) | 27 |
| EUR-CNY/CNH | 61,474 | 6,830 | (5,589) | 49,812 | 5,535 | (4,528) |
| EUR-CZK | (640) | (71) | 58 | (660) | (73) | 60 |
| EUR-HKD | (4,524) | (503) | 411 | (3,881) | (431) | 353 |
| **Sensitivity of net profit or loss after tax (through receivables and payables)** | **709,549** | **78,839** | **(64,504)** | **583,311** | **64,812** | **(53,028)** |
| Sensitivity of other comprehensive income after tax (through cash flow hedge derivatives) | | (6,596) | 5,418 | | (9,193) | 7,760 |
| **Sensitivity of equity** | | **72,243** | **(59,086)** | | **55,619** | **(45,269)** |

Group exposure: + receivable, – liability; sensitivity: + increase in profit/other comprehensive income, - decrease in profit/other comprehensive income

**Sensitivity analysis and risk exposure for foreign currency risks (USD/GBP)** **EUR '000**

| | 31/12/2024 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | Group exposure in relation to USD/GBP | Sensitivity to 10% devaluation of the USD/GBP | Sensitivity to 10% revaluation of the USD/GBP | Group exposure in relation to USD/GBP | Sensitivity to 10% devaluation of the USD/GBP | Sensitivity to 10% revaluation of the USD/GBP |
| USD-IDR | (18,804) | (2,089) | 1,709 | (20,259) | (2,251) | 1,842 |
| USD-GBP | 4,144 | 460 | (377) | 559 | 62 | (51) |
| USD-CNY/CNH | 39,343 | 4,371 | (3,577) | 39,108 | 4,345 | (3,555) |
| USD-CZK | (11,668) | (1,296) | 1,061 | (14,958) | (1,662) | 1,360 |
| USD-THB | (2,739) | (304) | 249 | 602 | 67 | (55) |
| USD-BRL | (55,709) | (6,190) | 5,064 | (75,311) | (8,368) | 6,846 |
| GBP-CNY/CNH | 1,863 | 207 | (169) | 9,283 | 1,031 | (844) |
| **Sensitivity of net profit or loss after tax (through receivables and payables)** | **(43,570)** | **(4,841)** | **3,961** | **(60,975)** | **(6,775)** | **5,543** |
| Sensitivity of other comprehensive income after tax (through cash flow hedge derivatives) | | (4,167) | 4,787 | | 5,754 | (5,165) |
| **Sensitivity of equity** | | **(9,008)** | **8,748** | | **(1,021)** | **378** |

Group exposure: + receivable, – liability; sensitivity: + increase in profit/other comprehensive income, - decrease in profit/other comprehensive income

## Sensitivity analysis and exposure for commodity price risks

Sensitivity analyses are performed for the price change risk from gas swaps. They show the effects of hypothetical changes in gas prices on profit or loss/other comprehensive income/equity.

The Lenzing Group uses the following assumptions in its analysis:

- Open derivatives from cash flow hedges for commodity price risks as at the reporting date are used as the basis for the sensitivity.
- The exposure corresponds to the nominal values of the derivatives (not including the hedged items). In economic terms, the derivatives are used to hedge physical hedged items that will impact profit or loss in subsequent periods, meaning that from an economic perspective there is no risk exposure in combination with the hedged items.

If the market price level for gas had been 10% higher/lower as at December 31, 2024, this would have changed other comprehensive income (after tax) by EUR plus/minus 1,520 thousand (December 31, 2023: EUR plus/minus 1,163 thousand).

## Sensitivity analysis and exposure for interest rate risks

The following tables show the exposure for interest rate risks at the reporting dates in the form of the carrying amounts of interest-bearing primary financial instruments:

**Risk exposure for interest rate risks** EUR '000

| | 31/12/2024 | | | | |
|---|---|---|---|---|---|
| | Fixed interest | Fixed and floating rate interest | Floating rate interest | No interest | Total |
| Cash and cash equivalents | 183,164 | 0 | 259,133 | 0 | **442,297** |
| Other investments | 0 | 0 | 29,871 | 18,537 | **48,407** |
| Loans and borrowings | (1,174,764) | (28,100) | (905,130) | 0 | **(2,107,994)** |
| Net risk position | (991,600) | (28,100) | (616,126) | 18,537 | (1,617,289) |
| Effects from derivative instruments (hedging) | (100,000) | 0 | 100,000 | 0 | **0** |
| **Net risk position after hedging effect** | **(1,091,600)** | **(28,100)** | **(516,126)** | **18,537** | **(1,617,289)** |

+ Receivables, - Liabilities

**Risk exposure for interest rate risks (previous year)** EUR '000

| | 31/12/2023 | | | | |
|---|---|---|---|---|---|
| | Fixed interest | Fixed and floating rate interest | Floating rate interest | No interest | Total |
| Cash and cash equivalents | 436,617 | 0 | 289,022 | 0 | **725,639** |
| Other investments | 0 | 0 | 13,679 | 26,079 | **39,759** |
| Loans and borrowings | (918,815) | (28,100) | (1,488,780) | 0 | **(2,435,694)** |
| Net risk position | (482,198) | (28,100) | (1,186,078) | 26,079 | (1,670,297) |
| Effects from derivative instruments (hedging) | (552,036) | 0 | 552,036 | 0 | 0 |
| **Net risk position after hedging effect** | **(1,034,234)** | **(28,100)** | **(634,042)** | **26,079** | **(1,670,297)** |

+ Receivables, - Liabilities

Sensitivity analyses are performed for the interest rate risks arising from floating rate financial instruments and from the fluctuation in the market values of cash flow hedge derivatives. They show the effects of hypothetical changes in interest rates on profit or loss, other comprehensive income and equity.

The Lenzing Group uses the following assumptions in its analysis of the interest rate risk arising from floating rate financial instruments:

- The sensitivity analysis includes all floating rate primary and derivative financial instruments as at the reporting date.
- The exposure corresponds to the carrying amount of the floating rate financial instruments.

The sensitivities and exposure for the interest rate risks arising from floating rate financial instruments are as follows as at the reporting dates:

**Sensitivity analysis for interest rate risks from floating-rate primary and derivative financial instruments** **EUR '000**

| 31/12/2024 | Net risk position after hedging effect | Sensitivity to a 100 bp increase in the interest rate level | Sensitivity to a 100 bp decrease in the interest rate level[1] |
|---|---|---|---|
| Sensitivity of net profit or loss after tax | (516,126) | (3,566) | 3,566 |
| **31/12/2023** | | | |
| Sensitivity of net profit or loss after tax | (634,042) | (4,424) | 4,424 |

1) A reduction in the basis points results in a proportional decrease in the sensitivity.

The Lenzing Group bases the sensitivity analysis for the interest rate risk from the fluctuation in market values of cash flow hedge derivatives for interest rate risks on the following assumptions:

- The sensitivity of other comprehensive income as at the reporting date is based on the open derivatives from cash flow hedges for interest rate risks in cases where the hedged item has not yet been recognized in profit or loss.
- The exposure corresponds to the nominal value of the derivative in the amount of EUR 100,000 thousand (December 31, 2023: EUR 493,213 thousand).

An increase in the interest rate level by 1 percentage point would lead to an increase in other comprehensive income (after taxes) of EUR 1,730 thousand (December 31, 2023: EUR 7,513 thousand). A decrease in the interest rate level by 1 percentage point would lead to a reduction in other comprehensive income (after taxes) of EUR 1,729 thousand (December 31, 2023: EUR 7,653 thousand). The interest rate sensitivity has no effect on profit or loss, as the measurement of interest rate derivatives is recognized in the hedging reserve with no effect on profit or loss.

Additional information on financial risk management and financial instruments is provided in the risk report of the Lenzing Group's management report as at December 31, 2024.

# Disclosures on Related Parties and Executive Bodies

## Note 38. Related party disclosures

### Overview

Related parties of the Lenzing Group include, in particular, the member companies of the B&C Group together with its subsidiaries, joint ventures and associates and its corporate bodies (executive board/management and supervisory board, where applicable) as well as close relatives of the members of the corporate bodies and companies under their influence (see note 1, section "Description of the company and its business activities" and note 39). The amounts and transactions between Lenzing AG and its consolidated subsidiaries are eliminated through consolidation and are not discussed further in this section

B&C Privatstiftung is managed by a board of trustees. No member of the Managing Board of Lenzing AG is a member of this board of trustees or the management/Managing Board of a subsidiary of B&C Privatstiftung, with the exception of subsidiaries of the Lenzing Group. The Lenzing Group has no influence over the business activities of B&C Privatstiftung.

The members of the corporate bodies of Lenzing AG (in particular, the Supervisory Board) and the above-mentioned entities are, in some cases, also members of the corporate bodies or shareholders of other companies with which Lenzing AG maintains ordinary business relationships. The Lenzing Group maintains ordinary business relationships with banks that involve financing, investing and derivatives.

### Relationship with related companies

Lenzing AG dropped out of the tax group with the B&C Group in the 2024 financial year (see note 29). This led to subsequent taxation of the recognized losses of foreign group members in Austria, and a valuation allowance on the previously capitalized loss carryforwards.

In the 2024 financial year, the tax allocation led to the recognition of a tax expense of EUR 23,019 thousand (2023: EUR 4,501 thousand) for the B&C Group. A deferred tax asset on tax losses in the amount of EUR 0 thousand (2023: EUR 48,020 thousand) was recognized, as Lenzing AG dropped out of the B&C tax group retroactively as at the end of 2022. From the tax allocation, the Lenzing Group recognized a liability to the B&C Group of EUR 0 thousand as at December 31, 2024 (December 31, 2023: EUR 4,759 thousand).

As part of the termination of the tax group, the Lenzing Group was required to pay a tax allocation for the 2022 financial year to the group parent in accordance with the group tax allocation agreement. The termination agreement negotiated on the occasion of the withdrawal of Lenzing AG from the tax group of B&C Holding Österreich GmbH was signed on September 10, 2024. Lenzing AG paid a tax allocation of EUR 22,209 thousand plus interest of EUR 1,280 thousand to B&C Holding Österreich GmbH for losses of the foreign group members of the tax group of Lenzing AG that have not yet been taxed. In addition, a tax allocation of EUR 810 thousand plus interest of EUR 65 thousand was paid to B&C Holding Österreich GmbH for the 2021 financial year due to an external audit that had been completed.

## Relationships with companies accounted for using the equity method and their material subsidiaries

Transactions with companies accounted for using the equity method and their material subsidiaries relate primarily to:

**Material relationships with companies accounted for using the equity method**

| | |
|---|---|
| EQUI-Fibres Beteiligungsgesellschaft mbH and its subsidiaries (EFB) | Distribution of fibers, delivery of pulp, loan assignment |
| Lenzing Papier GmbH (LPP) | Provision of infrastructure and administrative services |
| RVL Reststoffverwertung Lenzing GmbH (RVL) | Operation of a recycling plant and purchase of the generated steam; letting of land |
| Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck (GSG) | Provision of infrastructure and administrative services |
| PT. Pura Golden Lion (PGL) | Holds an interest in a Lenzing Group subsidiary (see note 41) |
| Wood Paskov s.r.o. (LWP) | Purchase of wood |
| LD Florestal S.A. (LDF) | Land use rights, purchase of mature timber, lending |

The scope of material transactions and the outstanding balances with companies accounted for using the equity method and their major subsidiaries are as follows:

**Relationships with companies accounted for using the equity method and their material subsidiaries** EUR '000

| 2024 | EFB | LPP | Other asso-ciates | LDF | Other joint ventures | Total |
|---|---|---|---|---|---|---|
| Land use rights | 0 | 0 | 0 | 114,756 | 0 | **114,756** |
| Goods and services provided | 46,917 | 14,789 | 49 | 17,032 | 15,257 | **94,044** |
| Goods and services received | 0 | 1,300 | 57 | 18,964[1] | 15,503 | **35,823** |
| Receivables as at 31/12 | 2,459 | 4,763 | 1 | 9,880 | 4 | **17,106** |
| Liabilities as at 31/12 | 1,968 | 0 | 0 | 100,913 | 31 | **102,912** |

1) The interest expenses in connection with the land use rights are included in the goods and services received.

**Relationships with companies accounted for using the equity method and their material subsidiaries (previous year)** EUR '000

| 2023 | EFB | LPP | Other asso-ciates | LDF | Other joint ventures | Total |
|---|---|---|---|---|---|---|
| Land use rights | 0 | 0 | 0 | 110,121 | 0 | **110,121** |
| Goods and services provided | 42,434 | 13,409 | 49 | 10,674 | 11,150 | **77,717** |
| Goods and services received | 0 | 1,661 | 54 | 15,886[1] | 11,399 | **29,000** |
| Receivables as at 31/12 | 5,017 | 1,613 | 6 | 18,418 | 4 | **25,058** |
| Liabilities as at 31/12 | 0 | 21 | 5 | 117,677 | 15 | **117,717** |

1) The interest expenses in connection with the land use rights are included in the goods and services received.

LD Florestal S.A. received a long-term, unsecured loan of EUR 29,871 thousand (December 31, 2023: EUR 13,679 thousand) from the fully consolidated subsidiary LD Celulose S.A. The interest reflects standard bank rates. Interest income of EUR 2.500 thousand was recognized in the financial year under review (2023: EUR 542 thousand).

Kelheim Fibers GmbH, Kelheim, Germany, a subsidiary of the equity-accounted investee EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany, received a long-term, unsecured loan of EUR 5,000 thousand from Lenzing AG in 2017. The interest reflects standard bank rates. This loan, including unpaid interest, was written down in its entirety (see notes 21 and 37).

In relation to trade receivables due from companies accounted for at-equity, an expense of EUR 939 thousand (2023: income of EUR 1,720 thousand) was recognized from impairment losses (expense) and reversals of impairment losses (income). EUR 0 thousand (2023: expense of EUR 3,583 thousand) were recognized on loans to companies accounted for at- equity, and their subsidiaries.

There were no major transactions with the other non-consolidated subsidiaries in 2023 and 2024.

## Relationships with members of the Managing Board and Supervisory Board of Lenzing AG

The remuneration expensed for key management personnel, which comprises the active members of the Managing Board and Supervisory Board of Lenzing AG, in line with their functions is summarized below (including changes in provisions):

**Remuneration for key management personnel (expensed)** EUR '000

| | 2024 | 2023 |
|---|---|---|
| **Remuneration for the Managing Board** | | |
| Basic salary | 2,561 | 2,076 |
| Benefits in kind and other benefits (in particular use of company vehicles) | 55 | 60 |
| Short-term variable performance bonus (short-term incentive; STI) | 2,000 | 0 |
| Other performance-based remuneration | 3,306 | 1,215 |
| **Short-term employee benefits** | **7,922** | **3,351** |
| Long-term variable performance bonus (long-term incentive; LTI) | 591 | (204) |
| Other performance-based remuneration | (421) | 1,430 |
| **Other long-term employee benefits** | **170** | **1,226** |
| Contributions to multiemployer pension fund | 257 | 233 |
| **Post-employment benefits** | **257** | **233** |
| Compensation for non-competition clauses and one-off gratuity | 2,185 | 403 |
| **Termination benefits** | **2,185** | **403** |
| **Remuneration for the Managing Board** | **10,534** | **5,213** |
| **Remuneration for the Supervisory Board** | | |
| Short-term employee benefits | 1,438 | 1,221 |
| **Total** | **11,972** | **6,434** |

The benchmark for the long-term bonus component of the members of the Managing Board (long-term incentive/LTI) consists of selected key indicators of the Lenzing Group, each over a three-year calculation period. In addition, the company's capital market performance is assessed in comparison with a group of selected listed companies during these periods.

The employee representatives on the Supervisory Board who were delegated by the Works Council are entitled to regular compensation (wage or salary plus severance and jubilee benefits) under their employment contracts in addition to the compensation for their activity on the Supervisory Board (in particular attendance fees). This compensation represents appropriate remuneration for their role/activities performed in the company.

Walter Bickel is Managing Director of Bickel Austria GmbH, Vienna, and has been a member of the Managing Board of Lenzing AG since April 15, 2024. In the 2024 financial year, an amount of EUR 4,399 thousand (2023: EUR 0 thousand) was paid to Bickel Austria GmbH for consulting services rendered. No liabilities are outstanding as at December 31, 2024. For this company's other performance-based remuneration claims, provisions amounting to EUR 1.680 thousand were made as of December 31, 2024. These benefits were drawn on standard market terms.

Mr. Rohit Aggarwal has been Chairman of the Managing Board (CEO) of Lenzing AG since September 1, 2024. Before taking up his position, payments were made to Mr. Rohit Aggarwal in the 2024 financial year for consulting services rendered in the amount of EUR 149 thousand (2023: EUR 0 thousand), as well as payments for cost reimbursements in the amount of EUR 35 thousand (2023: EUR 0 thousand). No liabilities are outstanding as at December 31, 2024. These benefits were drawn on standard market terms.

In line with customary market and corporate practice, Lenzing AG also grants additional benefits, which are considered non-cash benefits, to the members of the Managing Board, selected senior executives and Supervisory Board members. One example of such benefits is insurance coverage (D&O, accident, legal protection etc.), whereby the costs are carried by the Lenzing Group. The insurers receive total premium payments, i.e. there is no specific allocation to the Managing Board and the Supervisory Board. In addition, the members of the Managing Board and selected senior executives are provided with company vehicles. The members of the Managing Board and the Supervisory Board are also reimbursed for certain costs incurred, above all travel expenses. The principles of the remuneration system for the Managing Board and the Supervisory Board are described in detail and disclosed in the 2024 remuneration report of the Lenzing Group.

The members of the Managing Board and Supervisory Board received no advances, loans or guarantees. The Lenzing Group has not entered into any contingencies on behalf of the Managing Board or Supervisory Board.

Expenses of EUR 308 thousand in total (2023: EUR 1,469 thousand) were recognized through profit or loss or as revaluation through other comprehensive income with relation to post-employment benefits for former members of the Managing Board of Lenzing AG. The present value of the pension provision recognized in this context, after deduction of the fair value of plan assets (net obligation), amounted to EUR 5,090 thousand as at December 31, 2024 (December 31, 2023: EUR 5,548 thousand).

# Note 39. Executive Bodies

## Members of the Supervisory Board

- Thomas Cord Prinzhorn
  Chairman
- Carlos Aníbal de Almeida Junior (since October 10, 2024)
  First Deputy Chairman (since December 6, 2024)
- Stefan Fida
  Second Deputy Chairman (since October 10, 2024)
- Cornelius Baur (since April 18, 2024)
- Helmut Bernkopf
- Markus Fürst (up to April 18, 2024 and since October 10, 2024)
- Franz Gasselsberger
- Gerhard Schwartz (since April 19, 2023)
- Astrid Skala-Kuhmann

- Marcelo Feriozzi Bacci (October 10, 2024 up to December 6, 2024)
  First Deputy Chairman (October 10, 2024 up to December 6, 2024)
- Christian Bruch (up to May 29, 2024)
- Nicole van der Elst Desai (April 19, 2023 up to October 10, 2024)
- Melody Harris-Jensbach (up to October 10, 2024)
- Patrick Prügger (up to April 19, 2023)

## Appointed by the Works Council

- Johann Schernberger
  Chairman of the Group Works Council
  Chairman of the Works Council for Waged Employees
- Helmut Kirchmair
  Chairman of the Works Committee
  Deputy Chairman of the Works Council for Waged Employees
- Stephan Gruber (since April 19, 2023)
  Chairman of the Works Council for Salaried Employees
  Deputy Chairman of the Group Works Council
  Deputy Chairman of the Works Committee
- Stefan Ertl (since April 18, 2024)
- Bonita Haag (since April 19, 2023)

- Georg Liftinger (up to April 18, 2024)
  Chairman of the Works Council for Salaried Employees
  Deputy Chairman of the Group Works Council
  Deputy Chairman of the Works Committee
- Herbert Brauneis (up to April 19, 2023)
  Deputy Chairman of the Works Council for Waged Employees
- Daniela Födinger (up to April 19, 2023)
  Deputy Chairwoman of the Works Council for Salaried Employees

## Members of the Managing Board

- Rohit Aggarwal
  Chief Executive Officer (since September 1, 2024)
- Nico Reiner
  Chief Financial Officer (since January 1, 2023)
- Christian Skilich
  Chief Pulp Officer & Chief Technology Officer
- Walter Bickel
  Chief Transformation Officer (since April 15, 2024)

- Stephan Sielaff
  Chief Executive Officer (up to August 31, 2024)
- Robert van de Kerkhof
  Chief Commercial Officer (up to Dezember 31, 2023)

## Note 40. Financial guarantee contracts, contingent assets and liabilities, other financial obligations and legal risks

The Lenzing Group has entered into contingent liabilities of EUR 10,324 thousand (December 31, 2023: EUR 8,590 thousand), above all to secure claims related to the sale of certain equity investments and claims by suppliers and for claims by third parties outside the Group. Less important contingent liabilities involve granted retentions. The reported amounts represent the maximum payment obligation from the viewpoint of the Lenzing Group, and there is only a limited potential for recoveries.

The Lenzing Group provides committed credit lines of EUR 1,376 thousand (December 31, 2023: EUR 1,376 thousand) to third parties. These credit lines were not used as at December 31, 2024 and December 31, 2023 (also see note 21).

The Lenzing Group carries obligations for severance payments and anniversary benefits for former employees of certain sold equity investments up to the amount of the notional claims at the sale date. Provisions were recognized for these obligations as at the reporting date at an amount equal to their present value calculated in accordance with actuarial principles. Lenzing AG, in particular, has also assumed liabilities to secure third-party claims against consolidated companies; these claims are considered unlikely to be realized. The Managing Board is not aware of any other financial obligations with a significant impact on the financial position and financial performance of the Group

The obligations arising from outstanding orders for intangible assets and property, plant and equipment amounted to EUR 30,482 thousand as at December 31, 2024 (December 31, 2023: EUR 48,828 thousand). The Lenzing Group has long-term purchase obligations related to raw material supplies, in particular for wood, pulp, chemicals and energy.

In the 2021 financial year, a lawsuit was filed in a US court against Lenzing AG for unspecified claims for damages in connection with a former investment. Lenzing AG has rejected these claims. The legal proceedings were concluded in the 2024 financial year and the provision for legal defense costs was reversed.

As an international corporation, the Lenzing Group is exposed to a variety of legal and other risks. These risks are related, above all, to product defects, competition and antitrust law, patent law, tax law, employees and environmental protection. It is impossible to predict the outcome of pending or future legal proceedings. Consequently, rulings by the courts or government agencies or settlement agreements can lead to expenses that are not fully covered by insurance and hence could have a material impact on the group's future financial position and financial performance. Additional information can be found in the risk report in the Lenzing Group management report as at December 31, 2024.

# Note 41. Group companies

In addition to Lenzing AG, the Lenzing Group includes the following companies (list of group companies in accordance with Section 245a Para. 1 in conjunction with Section 265 Para. 2 of the Austrian Commercial Code):

| Group companies | | 31/12/2024 | | 31/12/2023 | |
|---|---|---|---|---|---|
| | Currency | Share capital | Share in % | Share capital | Share in % |
| Consolidated companies | | | | | |
| Beech Investment s.r.o., Zlaté Moravce, Slovakia | EUR | 6,639 | 100.00 | 6,639 | 100.00 |
| BZL – Bildungszentrum Lenzing GmbH, Lenzing, Austria | EUR | 43,604 | 75.00 | 43,604 | 75.00 |
| LD Celulose International GmbH, Vienna | EUR | 10,000 | 51.00 | - | - |
| LD Celulose S.A., Indianópolis, Brazil | BRL | 3,299,821,457 | 51.00 | 2,913,721,980 | 51.00 |
| Lenzing Biocel Paskov a.s., Paskov, Czech Republic | CZK | 280,000,000 | 100.00 | 280,000,000 | 100.00 |
| Lenzing Business Services s.r.o., Paskov, Czech Republic | CZK | 200,000 | 100.00 | - | - |
| Lenzing Elyaf Anonim Şirketi, Istanbul, Turkey | TRY | 3,500,000 | 100.00 | 3,500,000 | 100.00 |
| Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China | USD | 200,000 | 100.00 | 200,000 | 100.00 |
| Lenzing Fibers GmbH, Heiligenkreuz, Austria | EUR | 363,364 | 100.00 | 363,364 | 100.00 |
| Lenzing Fibers Grimsby Limited, Grimsby, UK | GBP | 1 | 100.00 | 1 | 100.00 |
| Lenzing Fibers Holding GmbH, Lenzing, Austria | EUR | 35,000 | 100.00 | 35,000 | 100.00 |
| Lenzing Fibers (Hongkong) Ltd., Hong Kong, China | HKD | 30,300,000 | 100.00 | 30,300,000 | 100.00 |
| Lenzing Fibers Inc., Axis, USA | USD | 10 | 100.00 | 10 | 100.00 |
| Lenzing Fibers India Private Limited, Coimbatore, India | INR | 25,464,000 | 100.00 | 25,464,000 | 100.00 |
| Lenzing Fibers Ltd., Manchester, UK | GBP | 1 | 100.00 | 1 | 100.00 |
| Lenzing France SARL, Paris, France | EUR | 25,000 | 100.00 | - | - |
| Lenzing Germany GmbH, Münchberg, Germany | EUR | 25,000 | 100.00 | 25,000 | 100.00 |
| Lenzing Global Finance GmbH, Munich, Germany | EUR | 25,000 | 100.00 | 25,000 | 100.00 |
| Lenzing Holding GmbH, Lenzing, Austria | EUR | 35,000 | 100.00 | 35,000 | 100.00 |
| Lenzing Italy S.r.l, Rome, Italy | EUR | 25,000 | 100.00 | 25,000 | 100.00 |
| Lenzing Korea Yuhan Hoesa, Seoul, Republic of Korea | KRW | 280,000,000 | 100.00 | 280,000,000 | 100.00 |
| Lenzing Land Holding LLC., Dover, USA | USD | 10,000 | 100.00 | 10,000 | 100.00 |
| Lenzing Modi Fibers India Private Limited, Mumbai, India | INR | 1,204,588,370 | 96.57 | 1,192,164,940 | 96.54 |
| Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China | USD | 135,440,000 | 100.00 | 135,440,000 | 100.00 |
| Lenzing Singapore Pte. Ltd., Singapore, Republic of Singapore | EUR | 1,000,000 | 100.00 | 1,000,000 | 100.00 |
| Lenzing Taiwan Fibers Ltd., Taipei, Taiwan | TWD | 5,300,000 | 100.00 | 5,300,000 | 100.00 |
| Lenzing (Thailand) Co., Ltd., Prachinburi, Thailand | THB | 16,677,550,000 | 100.00 | 5,368,463,500 | 100.00 |
| PT. South Pacific Viscose, Purwakarta, Indonesia[1] | IDR | 4,308,723,453,000 | 99.88 | 150,068,343,000 | 96.53 |
| Pulp Trading GmbH, Lenzing, Austria | EUR | 40,000 | 100.00 | 40,000 | 100.00 |
| Wasserreinhaltungsverband Lenzing – Lenzing AG, Lenzing, Austria[2] | EUR | 0 | Membership | 0 | Membership |
| Companies accounted for using the equity method | | | | | |
| Associates | | | | | |
| EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany | EUR | 2,000,000 | 20.00 | 2,000,000 | 20.00 |
| Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing, Austria[3] | EUR | 1,155,336 | 99.90 | 1,155,336 | 99.90 |
| Lenzing Papier GmbH, Lenzing, Austria | EUR | 35,000 | 40.00 | 35,000 | 40.00 |
| PT. Pura Golden Lion, Jakarta, Indonesia | IDR | 2,500,000,000 | 40.00 | 2,500,000,000 | 40.00 |
| Joint ventures | | | | | |
| LD Florestal S.A., Indianópolis, Brazil | BRL | 177,452,357 | 50.00 | 177,452,357 | 50.00 |
| RVL Reststoffverwertung Lenzing GmbH, Lenzing, Austria | EUR | 36,336 | 50.00 | 36,336 | 50.00 |
| Wood Paskov s.r.o., Paskov, Czech Republic | CZK | 2,000,000 | 50.00 | 2,000,000 | 50.00 |

**Notes:**
1) The share held directly by the Lenzing Group equals 99.80 percent (December 31, 2023: 94.22 percent). A further 0.2 percent (December 31, 2023: 5.78 percent) of the shares are held indirectly via PT. Pura Golden Lion, Jakarta, Indonesia, an associate of the Lenzing Group. The total calculated share therefore equals 99.88 percent (December 31, 2023: 96.53 percent).
2) The Lenzing Group participates through a membership. It holds 50 percent of the voting rights and can appoint half of the Managing Board members. Since all assets are attributable to the respective landowner under company law, the entity is notionally a separate company (a so-called "silo structure"). Assets located on the Lenzing Group's land are therefore included in the consolidation.
3) This investment is not included in the consolidated financial statements as a subsidiary, even though the Lenzing Group holds 99.9 percent of the voting rights in the company. In light of the given circumstances, the Lenzing Group does not control this company because its power is limited and because the returns hardly vary or can hardly be influenced by the Lenzing Group. Significant influence is exercised by the Lenzing Group over the financial and operating policies of this company, in particular through representation on management bodies and participation in decision-making processes.

## Note 42. Significant events after the end of the reporting period

In October 2024, the Lenzing Group acquired a minority interest in Swedish cellulose fiber company TreeToTextile AB (TTT). The closing of this transaction occurred in February 2025. However, this has no financial impact as the purchase price was already paid in the 2024 financial year (see Notes 21 and 25).

Other than that, the Lenzing Group is not aware of any significant events occurring after the reporting date on December 31, 2024 which would have resulted in a different presentation of its financial position and financial performance.

## Note 43. Authorization of the consolidated financial statements

These consolidated financial statements were approved on March 4, 2025 (consolidated financial statements as at December 31, 2023: February 28, 2024) by the Managing Board for review by the Supervisory Board, presentation to the Annual General Meeting and subsequent publication. The Supervisory Board may require changes to the consolidated financial statements as part of its review.

Lenzing, March 4, 2025
**Lenzing Aktiengesellschaft**

**The Managing Board**

**Rohit Aggarwal**
Chief Executive Officer

**Nico Reiner**
Chief Financial Officer

**Christian Skilich**
Chief Pulp Officer & Chief Technology Officer

**Walter Bickel**
Chief Transformation Officer

# Auditor’s Report

## Report on the Consolidated Financial Statements

### Audit Opinion

We have audited the consolidated financial statements of Lenzing Aktiengesellschaft, Lenzing, Austria, and its subsidiaries (“the Group”), which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position as at December 31, 2024, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

### Basis for our Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 („AP Regulation”) and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the „Auditor’s Responsibilities” section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor’s report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Our liability as auditors is guided under Section 275 UGB.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

**Impairment of cash-generating units “Fiber Site Heiligenkreuz” and “Fiber Site Indonesia”**
Refer to note 10

### Risk for the Consolidated Financial Statements

In the financial year 2024, Lenzing Aktiengesellschaft assessed that there is an indication, that the cash-generating units “Fiber Site Heiligenkreuz” and “Fiber Site Indonesia” may be impaired. The estimated recoverable amounts (impairment test) exceeded their carrying amounts.

The measurement of the recoverable amount of cash-generating units in accordance with IAS 36 requires assumptions and estimates, such as the estimated future cash flows, as well as the determination of the applicable discount rate.

For the consolidated financial statements, there is a risk that inappropriate assumptions and estimates used to measure the recoverable amount could have a significant impact on the recoverable amount and therefore the carrying amounts of the cash-generating units in the consolidated statement of financial position, as well as the operating results in the consolidated income statement.

### Our Response

We have assessed the analyses conducted by the company regarding the presence of indications of impairment and, if such an indication was identified, the impairment tests prepared in this case, involving our valuation specialists, as follows:

- In order to assess whether there are indications of impairment, we have gained an understanding of the planning assumptions as well as the relevant processes and internal controls through discussions with management and evaluated whether Lenzing Aktiengesellschaft has appropriately identified existing indications based on the deviation analyses from the planned values.
- In order to assess the appropriateness of cash flow projections used by management to measure the recoverable amount, we gained an understanding of the planning process, discussed the assumptions regarding growth rates and operational results with the relevant senior personnel within the Group. Additionally, we have compared these cash flow projections with the most recent budget approved by the supervisory board as well as the mid-term planning approved by the management board.
- We conducted a comparison of the significant planning assumptions in prior periods with the actual values and analyzed whether historical deviations were appropriately considered by management in their planning assumptions.
- Our valuation experts reviewed and assessed the methodology used in the impairment tests to ensure compliance with relevant standards. The assumptions used to determine the cost of capital rates were compared by our valuation specialists with market and industry-specific benchmarks, and the accuracy of the calculation scheme was verified.

- Furthermore, we have evaluated whether the disclosures regarding the impairment tests of the cash-generating units “Fiber Site Heiligenkreuz” and “Fiber Site Indonesia” in the consolidated financial statements are appropriate.

**Valuation of Biological Assets**
Refer to note 19.

**Risk for the Consolidated Financial Statements**
Lenzing Aktiengesellschaft recognized biological assets (timber plantations) in Brazil amounting to EUR 192,217 thousand in the consolidated statement of financial position as at December 31, 2024.

Timber plantations are measured at fair value less costs of disposal according to IAS 41 and IFRS 13. The fair value measurement is classified as Level 3 in the fair value measurement hierarchy under IFRS 13. The valuation of timber plantations requires assumptions and estimates, such as sales prices for mature timber and the growth of the plantation.

For the consolidated financial statements, there is a risk that inappropriate assumptions and estimates could have a material effect on the fair value of the timber plantations and thus on the valuation of biological assets in the consolidated statement of financial position and the valuation result in the consolidated income statement.

**Our Response**
We assessed the valuation of the fair value less costs to sell, prepared by the company, involving our specialists for the valuation of timber plantations in Brazil, as follows:

- We gained an understanding of the valuation process and assessed management’s actions to monitor this process.
- We assessed whether the valuation model chosen to determine the fair value is consistent with the requirements of IAS 41 and IFRS 13.
- We assessed the key assumptions and estimates in determining fair value, including assumptions about selling prices, growth, costs and discount rates.
- Furthermore, we considered the adequacy and appropriateness of the Group’s disclosures in respect of the valuation of plantations in accordance with IAS 41 and IFRS 13

**Other information**
Management is responsible for other information. Other information is all information provided in the annual and sustainability report, other than the consolidated financial statements, the group management report and the auditor’s report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If, on the basis of our work on the other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Audit Committee for the Consolidated Financial Statements**
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group’s financial reporting process.

**Auditor’s Responsibilities**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and conduct the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence on the financial information of the components within the Group, in order to form an audit opinion. We are responsible for directing, supervising and reviewing the audit activities carried out for the purposes of auditing the consolidated financial statements. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

# Report on Other Legal Requirements

## Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

**Opinion**
In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

**Statement**
Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

**Additional Information in accordance with Article 10 AP Regulation**
We were elected as auditors at the Annual General Meeting on April 18, 2024 and were appointed by the supervisory board on April 18, 2024 to audit the financial statements of Company for the financial year ending on December 31, 2024.

We have been auditors of the Company, without interruption, since the consolidated financial statements as at December 31, 2017.

We declare that our opinion expressed in the „Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

## Engagement Partner

The engagement partner is Mr Gerold Stelzmüller.

Linz, March 5, 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

**Gerold Stelzmüller**
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements, together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

# Independent assurance report on the non-financial reporting pursuant to Section 243b and 267a UGB

## Report on the non-financial reporting pursuant to Section 243b and 267a UGB

### Conclusion with limited assurance

We have performed a limited assurance engagement in the connection with the consolidated non-financial reporting pursuant to Section 243b and 267a UGB (hereafter “non-financial reporting”) for the financial year 2024 of the

**Lenzing Aktiengesellschaft,**
**Lenzing.**

Based on our procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial reporting pursuant to Section 243b and 267a UGB (hereafter “non-financial reporting”) is not prepared, in all material respects, in compliance with:

- the statutory provisions of the Austrian Sustainability and Diversity Improvement Act (Sections 243b and 267a of the Austrian Commercial Code (UGB)),
- the reporting requirements according to Article 8 of the EU Regulation 2020/852 (hereinafter referred to as “EU-Taxonomy-Regulation”) in respect to the disclosure requirements in the non-financial reporting,
- the requirements of the European Non-financial reporting Standards (hereinafter referred to as “ESRS”),
- the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option “in accordance with”, and
- the process carried out by the company to identify the information to be included in the consolidated non-financial reporting in accordance with the legal requirements and standards for non-financial reporting (hereinafter referred to as “double materiality assessment process”); with the description set out in disclosure “Double materiality analysis”

in the currently valid version.

### Basis for conclusion with limited assurance

Our limited assurance engagement on the non-financial reporting was conducted in accordance with the statutory requirements and Austrian Standards on Other Assurance Engagements and additional expert opinions as well as the International Standard on Assurance Engagements (ISAE 3000 (Revised) applicable to such engagements. An independent assurance engagement with the purpose of expressing a conclusion with limited assurance (“limited assurance engagement”) is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance (“reasonable assurance engagement”), thus providing reduced assurance.

Our responsibility under those requirements and standards is further described in the “Responsibility of the auditor of the consolidated non-financial reporting” section of our assurance report.

We are independent Lenzing Aktiengesellschaft in accordance with the Austrian professional regulations and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit firm is subject to the provisions of KSW-PRL 2022, which essentially corresponds to the requirements of ISQM 1, and applies a comprehensive quality management system, including documented policies and procedures for compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained up to the date of the limited assurance report is sufficient and appropriate to provide a basis for our conclusion as of that date.

### Emphasis of matter

We draw attention to the information in chapter "ESRS 2 General disclosures" of the consolidated non-financial report, which describes that comparative figures reported under GRI in the previous year were partly translated to measurement units required by ESRS and thus, are not comparable.

### Other information

Management is responsible for the other information. The other information comprises all information included in the “Annual and Sustainability Report” but does not include non-financial reporting and our independent assurance report.

Our conclusion on the non-financial reporting does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our limited assurance engagement on the non-financial reporting, our responsibility is to read the other information when available and, in doing so, consider whether the other information is materially inconsistent with the non-financial reporting or our knowledge obtained in the limited assurance engagement or otherwise appears to be misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

### Responsibility of the management

Management is responsible for the preparation of a non-financial reporting including the determination and implementation of the double materiality assessment processes in accordance with legal requirements and standards. This responsibility includes:

- identification of the actual and potential impacts, as well as the risks and opportunities associated with sustainability aspects and assessing the materiality of these impacts, risks and opportunities,
- preparing of a non-financial reporting in compliance with the requirements of the statutory provisions of the Austrian Sustainability and Diversity Improvement Act pursuant to section 243b and 267a UGB, including compliance with the ESRS and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards), "in accordance with"
- inclusion of disclosures in the consolidated non-financial reporting in accordance with the EU-Taxonomy-Regulation, and
- designing, implementing and maintaining of internal controls that management consider relevant to enable the preparation of sustainability report that is free from material misstatement, whether due to fraud or error; and to enable the double materiality assessment process to be carried out in accordance with the requirements of the ESRS.

This responsibility includes also the selection and application of appropriate methods for non-financial reporting and the making of assumptions and estimates for individual sustainability disclosures that are reasonable in the circumstances.

## Inherent limitations in the preparation of non-financial reporting

When reporting forward-looking information, the company is obliged to prepare this forward-looking information based on disclosed assumptions about events that could occur in the future and possible future actions by the company. Actual results are likely to differ as expected events often do not occur as assumed.

When determining the disclosures in accordance with the EU-Taxonomy-Regulation, the management is obliged to interpret undefined legal terms. Undefined legal terms can be interpreted differently, also regarding the legal conformity of their interpretation and are therefore subject to uncertainties.

## Responsibility of the auditor of the consolidated non-financial reporting

Our objectives are to plan and perform a limited assurance engagement to obtain limited assurance about whether the non-financial reporting, including the procedures performed to determine the information to be reported and the reporting in accordance with the EU-Taxonomy and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "in accordance with", is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on this non-financial reporting.

In a limited assurance engagement, we exercise professional judgement and maintain professional skepticism throughout the assurance engagement.

Our responsibilities include:

- performing risk-related assurance procedures, including obtaining an understanding of internal controls relevant to the engagement, to identify disclosures where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of expressing a conclusion on the effectiveness of the Lenzing Aktiengesellschaft internal controls;
- design and perform assurance procedures responsive to disclosures in the non-financial reporting, where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the non-financial reporting.

Our engagement does not include the assurance of prior period figures, printed interviews or other additional voluntary information of the company, including references to websites or other additional reporting formats of the company.

The nature, timing and extent of assurance procedures selected depend on professional judgement, including the identification of disclosures likely to be materially misstated in the non-financial reporting, whether due to fraud or error.

In conducting our limited assurance engagement on the non-financial reporting, we proceed as follows:

- We obtain an understanding of the company's processes relevant to the preparation of non-financial reporting.
- We assess whether all relevant information identified by the double materiality assessment process carried out by the company has been included in the non-financial reporting.
- We evaluate whether the structure and presentation of the non-financial reporting is in compliance with the requirements of the statutory provisions of the Austrian Sustainability and Diversity Improvement Act as of section 243b and 267a UGB, including the ESRS and GRI.
- We perform inquiries of relevant personnel and analytical procedures on selected disclosures in the non-financial reporting.
- We perform risk-oriented assurance procedures, on a sample basis, on selected disclosures in the non-financial reporting.
- We reconcile selected disclosures in the non-financial reporting with the corresponding disclosures in the consolidated financial statements and Lenzing Aktiengesellschaft management report.
- We obtain evidence on the methods for developing estimates and forward-looking information.
- We obtain an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in non-financial reporting.

## Limitation of liability, publication and terms of engagement

This limited assurance engagement is a voluntary assurance engagement. We issue this conclusion based on the assurance contract concluded with the client, which is also based, with effect on third parties, on the "General Conditions of Contract for the Public Accounting Professions" issued by the Chamber of Tax Advisors and Auditors. These can be viewed online on the website of the Chamber of Tax Advisors and Auditors (currently at https://ksw.or.at/berufsrecht/mandatsverhaeltnis/). With regard to our responsibility and liability under the contractual relationship, point 7 of the AAB 2018 applies.

Our assurance report may only be distributed to third parties together with the consolidated non-financial reporting contained in the “Consolidated non-financial statement / Sustainability report” section of the group management report and only in complete and unabridged form. Because our report is prepared solely on behalf of and for the benefit of the company, its contents may not be relied upon by any other third party, and consequently, we shall not be liable for any other third-party claims.

## Auditor responsible for the assurance engagement

The auditor responsible for the assurance engagement of the non-financial reporting is Mag. Alexander Gall.

Linz
March 5, 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

**Mag. Alexander Gall**

Wirtschaftsprüfer
(Austrian Chartered Accountant)

# Declaration of the Managing Board

## Declaration of the Managing Board according to Section 124 (1) No. 3 of the Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements of the Lenzing Group as at December 31, 2024 that were prepared in accordance with the applicable accounting standards pursuant to International Financial Reporting Standards (IFRSs) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Lenzing Group and that the group management report gives a true and fair view of the development and performance of the business and the position of the Lenzing Group, together with a description of the principal risks and uncertainties the Lenzing Group faces.

Lenzing, March 4, 2025
**Lenzing Aktiengesellschaft**

**The Managing Board**

**Rohit Aggarwal**
Chief Executive Officer

**Nico Reiner**
Chief Financial Officer

**Christian Skilich**
Chief Pulp Officer & Chief Technology Officer

**Walter Bickel**
Chief Transformation Officer

# Lenzing Group Five-Year Overview

## Key earnings and profitability figures

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Revenue | 2,663.9 | 2,521.2 | 2,565.7 | 2,194.6 | 1,632.6 |
| EBITDA (earnings before interest, tax, depreciation and amortization) | 395.4 | 303.3 | 241.9 | 362.9 | 192.3[1] |
| EBITDA margin | 14.8% | 12.0% | 9.4% | 16.5% | 11.8%[1] |
| EBIT (earnings before interest and tax) | 88.5 | (476.4) | 16.5 | 200.6 | 33.9[1] |
| EBIT margin | 3.3% | (18.9)% | 0.6% | 9.1% | 2.1%[1] |
| EBT (earnings before tax) | (42.0) | (585.6) | (10.1) | 182.9 | 22.3 |
| Net profit/loss after tax | (138.3) | (593.0) | (37.2) | 127.7 | (10.6) |
| Earnings per share in EUR | (4.06) | (20.02) | (2.75) | 4.16 | 0.24 |
| ROCE (return on capital employed) | 3.6% | (14.2)% | 2.0% | 5.4% | (0.5) %[1] |
| ROE (return on equity) | (2.4)% | (30.1)% | (0.5)% | 9.1% | 1.3% |
| ROI (return on investment) | 1.7% | (8.9)% | 0.3% | 4.2% | 0.9%[1] |

### Key cash flow figures

| EUR mn | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Gross cash flow | 140.4 | 88.5 | 244.8 | 372.0 | 126.8 |
| Cash flow from operating activities | 322.5 | 160.3 | (43.2) | 394.0 | 48.9 |
| Free cash flow | 167.0 | (122.8) | (740.7) | (445.5) | (614.8) |
| CAPEX | 156.3 | 283.6 | 698.9 | 844.3 | 668.8 |
| Liquid assets as at 31/12 | 451.7 | 731.0 | 453.3 | 1,124.1 | 1,081.1 |
| Unused credit facilities as at 31/12 | 198.1 | 203.0 | 232.3 | 454.5 | 1,031.4 |

### Key balance sheet figures

| EUR mn as at 31/12 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Total assets | 4,976.8 | 5,214.6 | 5,525.0 | 5,322.8 | 4,163.0 |
| Adjusted equity | 1,725.9 | 1,809.1 | 2,088.6 | 2,115.7 | 1,907.0 |
| Adjusted equity ratio | 34.7% | 34.7% | 37.8% | 39.7% | 45.8% |
| Net financial debt | 1,532.5 | 1,562.6 | 1,799.4[2] | 913.6[2] | 410.5[2] |
| Net financial debt / EBITDA | 3.9 | 5.2 | 7.4[2] | 2.5[2] | 2.1[1,2] |
| Net financial debt incl. lease liabilities | 1,656.3 | 1,704.7 | 1,869.0 | 977.0 | 471.4 |
| Net debt | 1,732.2 | 1,779.5 | 1,946.6 | 1,079.3 | 575.0 |
| Net gearing | 88.8% | 86.4% | 86.2%[2] | 43.2%[2] | 21.5%[2] |
| Trading working capital | 578.0 | 551.1 | 570.7 | 387.4 | 383.8 |
| Trading working capital to annualized group revenue | 20.5% | 21.0% | 24.0% | 16.0% | 21.9% |

### Key stock market figures

| EUR | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Market capitalization in mn as at 31/12 | 1,139.2 | 1,372.9 | 1,454.9 | 3,239.1 | 2,198.3 |
| Share price as at 31/12 | 29.50 | 35.55 | 54.80 | 122.00 | 82.80 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 4.35 | 0.00 |

| Employees | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Full-time equivalents (FTE) as at 31/12[3] | 7,816 | 7,917 | 7,931 | 7,585 | 6,992 |

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).
2) Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities (see the supplement to the management report "Notes on the Financial Performance Indicators of the Lenzing Group").
3) The number of employees has been reported on a full-time equivalent basis since the third quarter of the 2023 financial year. Until the third quarter of the 2023 financial year, the figure was based on the number of individuals.

The above financial indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group. Additional details are provided in the section "Notes on the financial performance indicators of the Lenzing Group", in the glossary to the Annual Report and in the consolidated financial statements of the Lenzing Group. Rounding differences can occur in the presentation of rounded amounts and percentage rates.

# Financial calendar

**Publication of financial calendar 2025** (acc. to prime market regulation)

| | Date |
|---|---|
| Financial results 2024 | Fri., 14.03.2025 |
| Evidence reference date „Annual General Meeting“ | Mon., 07.04.2025 |
| 81st Annual General Meeting | Thu., 17.04.2025 |
| Ex-dividend date | Wed., 23.04.2025 |
| Record date „dividends“ | Thu., 24.04.2025 |
| Dividend payout | Mon., 28.04.2025 |
| Results 1st quarter 2025 | Thu., 08.05.2025 |
| Half-year results 2025 | Thu., 07.08.2025 |
| Results 3rd quarter 2025 | Thu., 06.11.2025 |

# Glossary

## A

**Accelerating Circularity**

Accelerating Circularity is a collaborative effort to accelerate the textile industry's move from linear to circular. The textile industry must move from a take, make waste system to circularity, avoiding the massive amounts of textile waste annually put into landfill.
www.acceleratingcircularity.org

**AFRAC – Austrian Financial Reporting and Auditing Committee**

The Austrian Accounting Standards Committee, whose activities are not aimed at profit, serves the research, documentation and further development of accounting and auditing in Austria, taking into account international and European developments and Austrian interests in this field.
www.afrac.at

**Austrian Sustainability and Diversity Improvement Act**

The "Nachhaltigkeits- und Diversitätsverbesserungsgesetz" (NaDiVeG) implements the European "NFI Directive" (2014/95/ EU) in Austria. It expands the reporting obligations in the area of non-financial information for large companies of public interest, with an average of more than 500 employees.

## B

**BAT – Best available techniques**

Best available techniques means the most effective and advanced stage in the development of activities and their methods of operations. The techniques should indicate the practical suitability of particular techniques for providing, in principle, the basis for emission limit values designed to prevent, and, where this is not practicable, generally to reduce emissions and the impact on the environment as a whole.

**Better Growth**

Lenzing's corporate strategy Better Growth stands for moving from linear to circular, transforming the cellulose industry, offering customer-centric solutions and achieving excellence with a value-driven mindset.

**Biobased**

Biobased products are those that originate partially or completely from renewable resources. These products can be either biodegradable or non-biodegradable.

**Biobased chemicals**

Chemicals from the biorefinery, originating from renewable resources and also referred to in this report as biorefinery products.

**Biodegradable / Biodegradation**

The property of a substance or material to be degraded by microorganisms (bacteria, fungi, etc.) to water and carbon dioxide ($CO_2$) and to be absorbed by the environment. Test methods specify a fixed time under defined conditions of temperature, oxygen and humidity, and a certain percentage of degradation. For information about biodegradability of Lenzing fibers, please see the definition of "TÜV certified biodegradable and compostable LENZING™ fibers" in this glossary.

**Biodiversity**

This is the variability among living organisms from all sources including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within species, between species and of ecosystems.

**Bioenergy**

Bioenergy is energy derived from biomass. The term refers to various forms of energy, including heat and electricity. Also the biomass that contains this energy can be referred to as bioenergy. The main sources of bioenergy are renewable resources.

**Biorefinery**

A biorefinery can be defined as a framework or a structure in which biomass is utilized in an optimal manner to produce multiple products such as fibers, biobased biorefinery products and bioenergy.

**Biorefinery products**

Materials or products from a biorefinery, from renewable raw materials. In Lenzing's case, for example, LENZING™ Acetic Acid Biobased, LENZING™ Furfural Biobased, LENZING™ Magnesium-Lignosulphonate Biobased, LENZING™ Soda Ash, xylose;

**Blended learning approach**

Blended learning (also known as hybrid learning) is a method of teaching that integrates technology and digital media with traditional instructor led classroom activities.

## C

**Canopy**

Canopy is a Canadian non-profit organization dedicated to the conservation and protection of ancient and endangered forests. Lenzing works together with Canopy to ensure responsible wood sourcing. Canopy publishes the Hot Button Report annually.
https://canopyplanet.org/campaigns/canopystyle/

**CDP – Carbon Disclosure Project**

The Carbon Disclosure Project (CDP) is a non-profit organization with the aim that companies and also municipalities disclose their environmental data, such as climate-damaging greenhouse gas emissions and water consumption. Once a year, the CDP collects data and information on behalf of investors using standardized questionnaires on $CO_2$ emissions, climate risks and reduction targets and strategies of companies. Participation is voluntary.
www.cdp.net

### Carbon footprint

A carbon footprint is the sum of greenhouse gas emissions and greenhouse gas removals of a product system or an organization, expressed as a carbon dioxide equivalent.

### Carbon-neutral

$CO_2$ neutrality means, in a narrow sense, that no $CO_2$ is emitted or that the $CO_2$ emissions are fully offset or compensated. Carbon-neutral is not the same concept as net-zero.
https://de.wikipedia.org/wiki/Klimaneutralit%C3 %A4t

### Cellulose

The biopolymer cellulose is a component of all plants. The cellulose content of wood depends on the species and is typically around 40 percent. It is a raw material for pulp production.

### Chain of custody

The chain of custody documents the flow of materials and raw materials through various stages right up to the final product. It is important for the certification of raw materials and their traceability. In order to ensure that final products really meet the requirements of the standard, initiatives trace the flow of materials throughout the chain of custody.

### COD

Chemical oxygen demand. A further method for assessing the organic load of wastewater (besides BOD biological oxygen demand). It measures the degree to which the wastewater can undergo chemical oxidation.

### Compensation

Reducing the negative impact of greenhouse gas emissions in the atmosphere by saving greenhouse gas emissions elsewhere, e.g. by supporting climate protection projects.

### Compostable / compostability

Compostable products undergone strict testing to ensure that they break down within a specific time frame and do not release anything harmful into the environment.

### Compliance

In general, compliance means conforming to a rule, such as a specification, policy, standard or law. Regulatory compliance describes the goal that organizations aspire to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws, policies, and regulations.

### Controversial sources

Includes wood derived from: illegal logging or the trade in illegal wood or forest products; destruction of high conservation values in forestry operations - including ancient and endangered forests, and endangered species habitats; plantations established after 1994 through significant conversion of natural forests or conversions to non-forest use; introduction of genetically modified organisms in forestry operations; violation of traditional, community and/or human rights and any violation of the ILO Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work.

### Co-product

By-products recovered during pulp and fiber production.

## D

### Decarbonization

Decarbonization denotes the declining average carbon intensity ($CO_2$ emission per unit of a product) over time. Products can be, for example, (primary) energy, gross domestic product, or any units produced by a company.

### Denial of service

A denial of service attack (DoS attack) is a cyber attack that prevents legitimate users from accessing services, computer systems, networks, or other information technology resources.

### Dirty Dozen

The Dirty Dozen refers to twelve of the most common human error preconditions, or conditions that can act as precursors, to accidents or incidents. For example, tiredness.

### Dissolving wood pulp

A special kind of pulp with distinct characteristics which is used to manufacture viscose, modal and lyocell fibers and other cellulose-based products. This grade of pulp is characterized by higher alpha cellulose content and by a high degree of purity.

## E

### ECF

Elemental chlorine free – a bleaching process without using elemental chlorine.

### EcoVadis

EcoVadis aims to promote the environmental and social practices of companies through CSR performance monitoring within the supply chain and to support companies in improving sustainability. EcoVadis operates the first collaborative platform to deliver CSR ratings from suppliers to global supply chains.

### eIDAS – electronic identification and trust services

eIDAS is an EU regulation on electronic identification and trust services for electronic transactions in the European Single Market.

### e2e – End to End

End-to-end describes a process that takes a system or service from beginning to end and delivers a complete functional solution.

### EPA – United States Environmental Protection Agency

The United States Environmental Protection Agency (EPA, resp. USEPA) is an independent agency of the United States for the environmental protection and the protection of human health. EPA works to ensure that Americans have clean air, land and water.
https://www.epa.gov/

### ERGs – Employee Resource Groups

Internal forums where employees have an opportunity to actively participate in topics they care about or are interested in and that support employees' beliefs, backgrounds and/or identities. They are voluntary in nature, cross-functional, company-wide and employee-run. Each group is normally focused on a particular common goal/theme e.g. gender diversity, disability, parenting, etc.

### ESG – Environmental, social and governance standards

Environmental, social and governance (ESG) refers to the three central factors in measuring the sustainability and ethi-cal impact of an investment in a company or business.

**ESRS – European Sustainability Reporting Standards**

The ESRS is the new EU framework for sustainability reporting and is a key element of the EU's new Corporate Sustainability Reporting Directive (CSRD). The aim is to make reports more standardized and comparable. It is mandatory for Lenzing from 2024 onwards.

## F

**FAO – Food and Agriculture Organization of the United Nations**

The Food and Agriculture Organization of the United Nations (FAO) is a specialized agency of the United Nations that leads international efforts to defeat hunger. It is based in Rome.

**FSC®**

The Forest Stewardship Council® (FSC) is an international non-profit organization for wood certification.

**Furfural**

A clear yellowish liquid with a characteristic scent of almonds. During viscose fiber production, beech wood is cooked and furfural is released in a double distillation process.

## G

**GHG – Greenhouse gas emissions**

Emissions of gases which contribute to global warming by absorbing infrared radiation, thereby heating the atmosphere. The main contributors are carbon dioxide ($CO_2$), methane (CH4), and nitrous oxide (N2O).

**GRI – Global Reporting Initiative**

The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. The purpose of GRI is to develop globally applicable guidelines for sustainability reporting.

## H

**Hay job**

The Hay Method of job evaluation assesses a job based on skill (know-how), effort (problem solving), responsibility (accountability) and working conditions.

**Hemicellulose**

The designation for carbohydrates that are contained in wood but that are not cellulose. They can have the widest variety of compositions depending on the type of wood involved, e.g. xylan (in beech wood).

**Higg FEM**

The Higg Facility Environmental Module (Higg FEM) standardizes how facilities can measure and evaluate their yearly environmental performance. A clear picture of the environmental impact that a manufacturer and its facilities are having upon the environment and the world as a whole are provided. The Higg FEM helps manufacturers, brands, and retailers identify and prioritize opportunities for performance improvements. The Higg FEM assesses (a) environmental management system, (b) energy/GHG emissions, (c) water, (d) waste, (e) wastewater, (f) air emissions and (g) chemicals management.

**Higg FSLM**

The Higg Facility Social and Labor Module (FSLM) tool focuses on issues such as hours of work, wages and benefits, health and safety, and strengthening communities.

**Higg MSI**

The Higg Materials Sustainability Index (Higg MSI) is the apparel industry's most trusted tool to measure and score the environmental impacts of materials.

**High-consequence work-related injuries**

High-consequence work-related injuries are split between: Fatalities and other injuries from which the worker cannot recover (e.g. amputation of a limb), or does not or is not expected to recover fully to preinjury health status within six months (e.g. fracture with complications). The definition of high-consequence work-related injury uses recovery time instead of lost time as the criterion for determining the severity of an injury.

## I

**ILO – International Labour Organization**

The International Labour Organization is a United Nations agency that sets international labor standards and promotes social protection and work opportunities for all. The ILO has 187 member states: 186 of the 193 UN member states plus the Cook Islands are members of the ILO.

**Integration**

All stages of fiber production are concentrated at one and the same site, from wood, the raw material, to pulp, biorefinery and co-products to fiber production

**IOSH – Institute of Occupational Safety and Health**

IOSH is the only Chartered body for safety and health professionals. Their members follow a strict Code of Conduct and a formal professional development program.

**IPBES**

IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) is an intergovernmental body providing scientific policy advice on biodiversity – comparable to the IPCC (Intergovernmental Panel on Climate Change).
https://www.bmuv.de/faq/was-ist-und-macht-ipbes

**IPCC**

The abbreviation "IPCC" stands for Intergovernmental Panel on Climate Change. In German-language media, the IPCC is usually referred to as the "Weltklimarat". The IPCC was founded in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). Its findings form the basis for international climate negotiations under the United Nations Framework Convention on Climate Change (UNFCCC). In it, member states affirm their intention to prevent "dangerous climate change."
https://wiki.bildungsserver.de/klimawandel/index.php/IPCC

**ISO 14001:2015**

An international standard for the certification of environmental management systems.

**ISO 45001:2018**

An international standard for management systems of occupational health and safety.

**ISO 9001:2015**

An international standard for the certification of quality management systems.

**ISS ESG**

ISS ESG is the responsible investment arm of Institutional Shareholder Services Inc., the world's leading provider of environmental, social, and governance solutions for asset owners, asset managers, hedge funds, and asset servicing providers.

## K

**KPI**

The term key performance indicator describes indicators in business economics which are used to measure progress or achievements related to important targets or critical success factors within an organization.

**L**

### LCA

Life Cycle Assessment is a systematic analysis of the environmental impacts of products throughout their life cycle ("from cradle to grave").

### Lignin

A polyaromatic component of wood that cannot be used for fiber production. It is used for generating power and to recover co-products.

### Lignosulfonate

The decomposition products of lignin from wood after pulping.

### Lyocell fibers

Lyocell fiber is the latest generation of cellulosic fibers. In Lenzing's case the cellulose used is either wood-based or recycled cotton (REFIBRA™ Technology). The generic fiber name is lyocell, the branded products from Lenzing are marketed as TENCEL™ and VEOCEL™ fibers. It is known for its smooth and silky handfeel as well as performance aspects.

**M**

### Microplastics

Small plastic particles of 5 mm or less in size – known as "micro-plastics" – are perceived to be a major pollution problem in freshwater bodies and the sea. While recent industry initiatives and legislation aim to promote the development of less polluting alternatives, Lenzing, as a producer of wood-based cellulosic fibers, laid the foundations for biodegradable products more than 80 years ago.

### Modal fibers

Modal is a viscose fiber refined under modified viscose production conditions and spinning conditions. It is characterized by a particular softness and is the preferred fiber for high-quality next to skin applications like underwear and similar products. The fibers have improved characteristics such as tenacity, dimensional stability, and so forth. Lenzing markets these fibers under TENCEL™ Modal.

**N**

### Net-benefit products

Lenzing's net-benefit products offer positive impacts and benefits for the environment, society, and value chain partners, and are better than most competing alternatives in the market. Net-benefit products take a life cycle perspective and thus include both upstream and downstream value chain processes. Net-benefit thinking describes the performance of our specialties and forward solutions.

### Net-zero target

Companies shall set one or more targets to reach a state of net-zero emissions, which involves: (a) reducing their scope 1, 2 and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways and; (b) neutralizing any residual emissions at the net-zero target date and any GHG emissions released into the atmosphere thereafter.

Source: Net-Zero-Standard.pdf (sciencebasedtargets.org) When talking about net-zero, a maximum of 10 percent can be compensated by removal offsets (according to the science-based target initiative), 90 percent of absolute carbon must be reduced. This is the main difference to carbon-neutral, where there are no limits on the level of offsetting.

### NIST Cyber Security Framework

The NIST Cyber Security Framework consists of voluntary guidelines, standards and best practices to manage cyber-security risk.

### NMMO

N-Methylmorpholine N-oxide is an aqueous, biodegradable, organic solvent.

### Nonwovens

Nonwoven fabric materials, fleece. Nonwovens made from Lenzing fibers are used for sanitary, medical, and cosmetics applications.

**O**

### Offsetting

Reducing the damage caused by releasing carbon dioxide into the environment by doing other things that remove carbon dioxide from the atmosphere, e.g. through climate protection projects.

**P**

### PEFC

The Programme for the Endorsement of Forest Certification Schemes (PEFC) is an international non-profit organization for wood certification.

### Plantation forest

Planted Forest that is intensively managed and meet all the following criteria at planting and stand maturity: one or two species, even age class, and regular spacing (FAO-FRA 2020). Examples: poplar, acacia or eucalyptus plantations.

### Post-consumer

A product made from post-consumer material is made from waste that has been used and disposed of by a consumer (such as used clothing).

### Pre-consumer

Pre-consumer upcycling is the reclamation of waste materials that were created during the manufacturing process prior to their delivery to a consumer (such as cotton scraps from garment making). Often also referred to as post-industrial waste.

**R**

### RaaS – Ransomware as a Service

RaaS is a service in which cybercriminals provide a compact malware program that can be used to launch a ransomware attack. Ransomware is a malware, where cybercriminals attack a system with malicious code. The goal is to lock legitimate users out of their system and encrypt sensitive data. Companies are then often blackmailed into paying high ransoms in order to obtain the decryption key.

### Regenerated cellulose

In the context of cellulosic fibers, regeneration means "bringing back into shape". Regenerated cellulose is a class of materials manufactured by the conversion of natural cellulose to a soluble cellulosic derivative using chemicals and subsequent regeneration, which also includes the separation of chemicals and cellulose. Leaving behind the cellulose in form of either a fiber (e.g., rayon) or a film (e.g., cellophane). The industry is also known internationally as the man-made cellulosic fiber (MMCF) industry.

**S**

### Salutogenesis

Developed by Aaron Antonovsky († July 7, 1994), an Israeli-American professor of sociology. In contrast to pathogenesis, the salutogenic approach does not focus on the question "What makes a human being ill?" but rather "What keeps a human being healthy?"

**SBT – Science-based targets**

Targets adopted by companies to reduce greenhouse gas emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 1.5°C compared to pre-industrial temperatures, as described in the Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). (Applies to the 4th or 5th AR of IPCC as well as modelling of the IEA.)

**Scope 1, 2 & 3 emissions**

Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

**Security patch**

A security patch is a method of updating applications, systems or software by inserting code to fix the vulnerability.

**Semi-natural forest**

Forests of native species, established either through assisted or natural regeneration, or a mix of these under intensive stand management (includes forests in which assisted regeneration carried out with same species and similar species composition as in the natural forests in the area). Examples: many production forests in Europe, some teak plantations. These forests include, according to FAO (2020): Naturally regenerating forests, which are forest predominantly composed of trees established through natural regeneration. Planted forests, which are forest predominantly composed of trees established through planting and or/deliberate seeding. But not plantation forests.

**SFI – Sustainable Forestry initiative**

The SFI program was developed in 1994 to ensure North America's valuable forests were protected and to document the commitment of forest products industry members to keep our forests healthy and to practice the highest level of sustainable forestry.

**SHEARS**

Safety, Health and Environment Action Reporting System of the Lenzing Group.

**SLCP – Social & Labor Convergence Program**

The Social & Labor Convergence Program provides the tools to capture accurate data about working conditions in global supply chains. This multi-stakeholder initiative replaces the need for repetitive social audits by facilitating data sharing.

**Stakeholders**

All internal and external persons or groups affected directly or indirectly by business activities currently or in the future.

**SAC – Sustainable Apparel Coalition**

An association of leading companies, non-profit organizations as well as research and educational experts aiming to create a more sustainable international apparel, footwear and textile industry. The SAC is the developer of the Higg Index.

**Sustainalytics**

Sustainalytics is a rating agency that assesses the sustainability of listed companies based on their environmental, social and governance performance.
www.sustainalytics.com

## T

**Talent grid**

In the Lenzing Group, a "talent grid" is used to classify talents. It analyses the distribution of performance and potential within a specific team, department, function and business. The graphical representation in a nine-box grid helps to understand the "talent mix" within a particular part of the organisation.

**TCF**

Totally chlorine free (bleaching process).

**TE – Textile Exchange**

Textile Exchange, founded in 2002, is a global nonprofit organization that works closely with all sectors of the textile supply chain to find the best ways to minimize and even reverse the negative impacts on water, soil, air, animals, and the human population.

**TÜV certified biodegradable and compostable LENZING™ fibers**

LENZING™ fibers which are TÜV certified biodegradable (soil, fresh water & marine) and compostable (home & indus-trial) include the following products: LENZING™ Viscose Standard textile/ nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. There is an exception for the TÜV certified biodegradable & compostable fiber LENZING™ Lyocell Filament, which fulfils the above-mentioned conditions except biodegradability in marine envi-ronments.

## U

**UNCITRAL – United Nations Commission on International Trade**

The United Nations Commission on International Trade Law is a subsidiary body of the U.N. General Assembly responsible for helping to facilitate international trade and investment.

## V

**VÖNIX – VBV Austrian Sustainability Index**

VÖNIX is Austria's first sustainability index. It was created by the VBV Austrian pension fund and is comprised of listed Austrian companies that are leaders in terms of social and environmental performance.

**Viscose fibers**

Viscose is a cellulosic fiber (also known as rayon). In Lenzing's case the cellulose used is wood-based. Wood from trees is processed into pulp which gets derivatized by a chemical reaction and then is dissolved until it becomes a sticky liquid. The solution is pushed through nozzles into a "spinning bath" which allows that fibers are regenerated from the solution into a shape suitable in diameter and length for use in textile and nonwoven applications. The cellulosic fiber viscose is a fiber with a flowy drape, in personal hygiene products it is used to absorb and retain liquid. LENZING™ ECOVERO™ Viscose is the branded fiber for textile and VEOCEL™ Specialty Viscose fibers for nonwovens applications.

## W

**Wood-based cellulosic fiber**

A fiber industrially produced from the raw material wood. The industry is known as man-made cellulose fiber industry.

## X

**Xylose**

Wood sugar, component of thick liquor and base material for xylitol (sweetener that inhibits tooth decay)

**Z**

**ZDHC – Zero discharge of hazardous chemicals**

The ZDHC Foundation is a global center of excellence in responsible chemical management which works towards zero discharge of hazardous chemicals in the textile, leather, and footwear value chain to improve the environment and people's wellbeing.

**ZDHC MMCF Guidelines**

The ZDHC MMCF Guidelines is a set of guidelines that addresses integrated expectations for discharge wastewater quality, emissions to air, and chemical recovery for manufacturing facilities producing man-made cellulosic fibers (MMCF).

**Zero-day vulnerabilities**

A zero-day vulnerability is a computer-software vulnerability that is unknown to the vendors and therefore has no patch ready. The term zero-day means that there is a zero-day gap between the time the vulnerability is discovered and the first attack happens.

# Financial glossary

**A**

**Adjusted equity**

Equity including non-current and current government grants less the proportional share of deferred taxes on these government grants.

**Adjusted equity ratio**

Ratio of adjusted equity to total assets in percent.

**C**

**CAPEX**

Capital expenditures; i.e. acquisition of intangible assets, property, plant and equipment and biological assets and acquisition of corporate units as per consolidated statement of cash flows.

**Capital employed**

Total assets minus the following: non-interest-bearing debt, cash and cash equivalents, current securities, investments accounted for using the equity method and other investments.

**E**

**Earnings per share**

The share of net profit/loss for the year attributable to the shareholders of Lenzing AG divided by the weighted average number of issued shares, calculated according to IFRS (IAS 33 Earnings per Share); the precise derivation can be found under note 16 in the notes to the consolidated financial statements.

**EBIT (earnings before interest and tax)**

Earnings before interest and tax, resp. operating result; the precise derivation can be found in the consolidated income statement.

**EBIT margin**

EBIT as a percent of revenue; represents the return on sales (ROS).

**EBITDA (earnings before interest, tax, depreciation and amortization)**

Earnings before interest, tax, amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets and before in-come from the release of investment grants; resp. operating result before depreciation and amortization.

**EBITDA margin**

EBITDA as a percent of revenue.

**EBT (earnings before tax)**

Profit/loss for the year before income tax expense. The precise derivation can be found in the consolidated income statement.

**Equity**

The equity item aggregates the equity instruments as defined by IFRS. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. This represents the funds provided to the entity by its owners.

## F

**Free cash flow**

Cash flow from operating activities less cash flow from investing activities and net cash inflow from the sale and disposal of subsidiaries and other business areas plus acquisition/disbursement of other investments and investments accounted for using the equity method less proceeds from the sale/repayment of of other investments and the sale of investments accounted for using the equity method. Free cash flow corresponds to the readily available cash flow.

**FTE**

Abbreviation for Full-Time Equivalents.

**Functional currency**

APredominant currency of the primary economic environment of a subsidiary; may differ from the local currency.

## G

**Gross cash flow**

Gross cash flow equals cash flow from operating activities before change in working capital; the precise derivation can be found in the consolidated statement of cash flows.

## I

**IAS**

Abbreviation for International Accounting Standard(s), which are internationally recognized accounting rules.

**IFRS**

Abbreviation for International Financial Reporting Standard(s), which are internationally recognized accounting rules.

## L

**Liquid assets**

Cash and cash equivalents plus liquid securities and liquid bills of exchange.

**Liquid funds**

Cash and cash equivalents plus current securities.

## M

**Market capitalization**

Weighted average number of shares multiplied by the share price as at the reporting date.

## N

**Net debt**

Interest-bearing financial liabilities (= current and non-current financial liabilities) less liquid assets plus provisions for pensions and severance payments.

**Net financial debt**

Interest-bearing financial liabilities (= non-current and current financial liabilities) less lease liabilities less liquid assets.

**Net financial debt/EBITDA**

Net financial debt as a percent of EBITDA.

**Net gearing**

Net financial debt as a percent of adjusted equity.

**Net profit/loss for the year**

Profit/loss after tax; net profit/loss. The precise derivation can be found in the consolidated income statement.

**Non-interest-bearing debt**

Trade payables plus the following: puttable non-controlling interests, other liabilities, current tax liabilities, deferred tax liabilities and the proportional share of deferred taxes on government grants as well as provisions (excluding post-employment benefits).

**NOPAT**

Net operating profit after tax; operating result (EBIT) less the proportional share of current income tax expense.

## P

**Post-employment benefits**

Provisions for pensions and severance payments.

## R

**ROCE (return on capital employed)**

NOPAT as a percent of average capital employed (average from January 1 and December 31).

**ROE (Return on equity)**

EBT (earnings before tax) as a percent of average adjusted equity (average from January 1 and December 31).

**ROI (Return on investment)**

EBIT (earnings before tax) as a percent of average total assets (average from January 1 and December 31).

## T

**Total assets**

Total of non-current and current assets or the total of equity and non-current and current liabilities. The precise derivation can be found in the consolidated statement of financial position.

**Trading working capital**

Inventories plus trade receivables less trade payables.

**Trading working capital to annualized group revenue**

Trading working capital as a percent of the latest reported quarterly group revenue x 4.

## W

**Working capital**

Net current assets. Inventories plus trade receivables and other non-current and current assets less current provisions, trade payables and other non-current and current liabilities.

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This annual and sustainability report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing Group. Such forward-looking statements can be identified by the use of terms such as “should”, “could”, “will”, “estimate”, “expect”, “assume”, “predict”, “intend”, “believe” or similar items. The projections that are related to the future development of the Lenzing Group represent estimates that were made on the basis of the information available as at the date on which this annual and sustainability report was published. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated. Calculation differences may arise when rounded amounts and percentages are summed. The annual and sustainability report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, typesetting and graphic errors can nevertheless not be completely ruled out.