

Wesentlichkeitsanalyse 2023 - Praxiseinblick

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Advancing Circularity

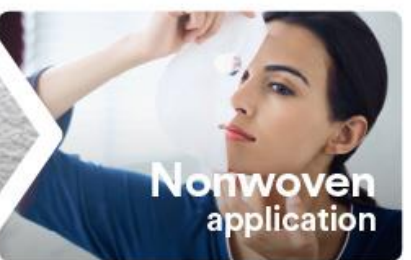
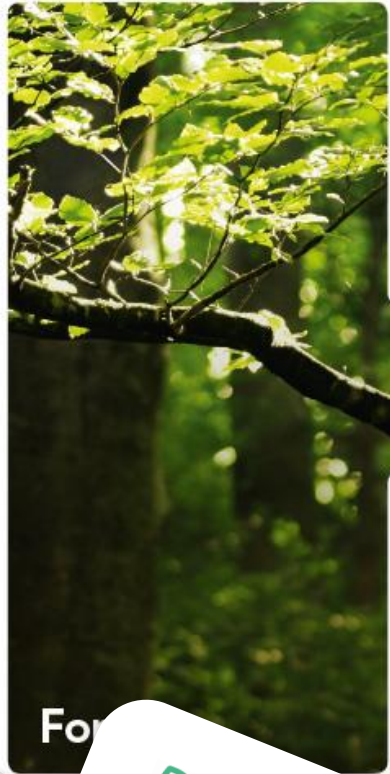
Lenzing

Innovative by nature

Locations of the Lenzing Group



LENZING production






 **Tencel™**
Feels so right

 **EcoVero™**

 **Veocel™**
Purely for you

LENZING™

Outcome materiality analysis 2021

Environment	Social	Governance
<ul style="list-style-type: none">● Circularity & resources● Climate & energy● Responsible wood sourcing● Biodiversity & ecosystems● Sustainable innovation & products	<ul style="list-style-type: none">● Health & safety● Human rights & fair labor practices 	<ul style="list-style-type: none">● Business ethics● Digitalization & cyber security
<ul style="list-style-type: none">● Supply chain sustainability● Water stewardship 	<ul style="list-style-type: none">● Advocacy & engagement● Community wellbeing● Diversity, inclusion & equal opportunity● Employee empowerment & development	<ul style="list-style-type: none">● Corporate governance 

Preparation

1. Longlist

- Mandatory list from ESRS 1 (95 topics) + Lenzing long list 2021 (two extra topics)
- Description of topics; gathering of known (potential) impacts, risks, opportunities

2. Touchpoints

- Touchpoint exists, if Lenzing or value chain (potentially) impacts ESG, or if there is a (potential) financial risk/opportunity for Lenzing through ESG
→ **first important exclusion point as all other topics get evaluated**

3. Stakeholder involvement impact analysis

- Gathering contacts
- prepare survey

Longlist - example

Topic owner	Topic-Standards ESRS	Basis for the double materiality analysis (required by CSRD / ESRS)	What does the topic mean to Lenzing? (see here + colums impact/risks/opps)	Touchpoints? value chain also included! (green: yes; red: no) how decision?	Lenzing has (potential) pos/neg impacts ON... (ESG) value chain has (potential) pos/neg impact ON... (ESG)	(potential) risks for Lenzing through ESG value chain	(potential) opportunities for Lenzing through ESG value chain
	E3 - Water and marine resources	water withdrawals	Radically reduced-freshwater withdrawal, interaction with water as shared resource Development of industry benchmarks and contribution to multistakeholder initiatives such as ZDHC Access to clean water sources sufficient water availability	expert opinion	water scarcity	Water scarcity upstream of the value chain affects availability of key chemical supplies (e.g DWP, NMMO) and/or price Water quality / scarcity limits production capacity and/or affects product quality Direct customers' factories downstream of the value chain in water scarce regions stop operations affecting Lenzing's fiber sales	Competition: product with better water footprint through higher proportion of Lenzing pulp and expansion of specialty product manufacturing helps value chain partners fulfill their water targets
	E3 - Water and marine resources	water consumption	Resource efficiency, Access to clean water sources	expert opinion	water scarcity		

Evaluation

Financial analysis

- Evaluation of financial risks & opportunities for Lenzing through ESG
- scales: availability on resources, dependence on relationships, other
- Supported by risk department

Impact analysis

- Evaluation of impacts on ESG through topic experts, scientific papers about sector
- scales: scale, scope, remediability
- Involving internal & external stakeholders through survey. Internal: Procurement (**value chain**), business management; external: eg. supplier, customer, NGOs

Consolidation

- Identifying material topics with materiality matrix & setting thresholds
- Involvement BOM

Impact analysis

How would you rate the impact of your company's business activities on the topic in question with regards to the environment, people and/or society?	Topic-Standards ESRS	Basis for the double materiality analysis (required by CSRD / ESRS)	assign attributes: own activities/business activities, potential/actual, direct/indirect, short/medium/longterm	Scale	Reasoning Scale	Scope	Reasoning Scope	Remediability	Reasoning Remediability	Likelihood	Reasoning Likelihood	Score
	E1 Climate Change	Climate change adaptation										
	E1 Climate Change	Climate change mitigation										
	E1 Climate Change	Energy										

83 Scope of impact should be measured on the following scale:

Scope of impact	
5	global/total
4	widespread
3	medium
2	concentrated
1	limited
0	none

[unofficial guideline - working paper](#)

$$\text{Preliminary Impact Materiality} = \text{Scale of Impact} + \text{Scope of Impact} + \text{Remediability}$$

If scale of impact is assessed in step 2A as absolute and/or scope of impact is assessed in step 2B as global/total and/or remediability of impact is assessed in step 2C as non-remediable/irreversible, override results of the formula and set the level of preliminary impact materiality of this sustainability topic as critical.

Preliminary impact materiality should be described using the following table:

Preliminary impact materiality	
≥ 12	critical
(10,12)	significant
[8,10)	important
[5,8)	informative
< 5	minimal

material

Materiality analysis 2023 - Timeline

	July				August				September				October				November			
Longlist	█	█	█	█	█	█														
Touchpoints					█	█	█	█												
Preparation stakeholder engagement						█	█	█	█											
Impact Analysis									█	█	█	█	█	█	█	█				
Financial analysis									█	█	█	█	█	█	█	█				
Consolidation																	█	█		

Thank You

**for your
attention**

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