

Remuneration Report of the Lenzing Group

Remuneration of the Managing Board

Sentiment in the textile and nonwovens industry deteriorated abruptly in the third quarter of 2022, and satisfaction with the business situation continued to touch new historic lows throughout the rest of the year.¹ In the latter part of the year, the outlook brightened somewhat, although market participants remained concerned about subdued demand. In 2022, the Lenzing Group, like most of European manufacturing industry, was increasingly affected by extreme developments in global energy and raw material markets. The market environment deteriorated significantly in the third and fourth quarters, and worsening consumer sentiment placed an additional burden on Lenzing's business growth.

In the year under review, revenue grew by 16.9 percent year-on-year to EUR 2.57 bn. This increase primarily reflected higher fiber prices, with currency effects favoring this price trend. The volume of fiber sold decreased, while the volume of pulp sold increased.

In addition to the lower level of demand, the earnings trend particularly reflects higher energy and raw material costs. Earnings before interest, tax, depreciation and amortization (EBITDA) were down by 33.3 percent year-on-year to EUR 241.9 mn in 2022. Given this development and the significant deterioration in the market environment, Lenzing launched a reorganization and cost reduction program in the third quarter of the year.

Remuneration Policy and Remuneration Report

The Remuneration Report provides a comprehensive overview of the remuneration owing or granted to current or former members of the Managing and Supervisory boards, including all types of benefits during the past financial year. The statutory requirements of the Austrian Stock Corporation Act (Section 78c et seq. AktG) form the related legal basis.

The principles that are applied to determine the remuneration of the Managing and Supervisory boards of Lenzing Aktiengesellschaft (Lenzing AG) are defined in the Remuneration Policy of Lenzing AG. The remuneration system implements the statutory requirements of the Austrian Stock Corporation Act (Section 78 et seq. AktG) and the recommendations of the Austrian Code of Corporate Governance (ACCG). The primary aim of the Remuneration Policy is to promote the long-term and sustainable development of the company's business. The Remuneration Policy was first approved by the Annual General Meeting on June 18, 2020.

The remuneration system for members of the Managing Board of Lenzing AG that was applied for the 2022 financial year was presented as an updated version at the Annual General Meeting on April 26, 2022, and approved by a majority of 74.35 percent. In the

updated Remuneration Policy, in addition to consolidated EBITDA and the consolidated ROCE, the share of net profit/loss for the year attributable to the shareholders of Lenzing AG was also included as an additional financial performance criterion in the Short-Term Incentive Plan (STI).

The Remuneration Report for 2021 was submitted to be voted upon by the shareholders' Annual General Meeting on April 26, 2022, and was approved by a majority of 74.36 percent.

Remuneration of the Managing Board

Principles of remuneration of members of the Managing Board

The Supervisory Board's Remuneration Committee is responsible for preparing, regularly revising and controlling the implementation of the Remuneration Policy for the Managing Board. The final determination of the Remuneration Policy is the responsibility of the entire Supervisory Board. If required, this committee and/or the Supervisory Board are supported by an external remuneration advisor. To avoid conflicts of interest, it is ensured that any advisor that is consulted does not also advise the Managing Board on remuneration issues.

The Managing Board members' tasks and activities, the company's situation as well as standard remuneration levels are taken into consideration when determining the remuneration of the Managing Board. The Managing Board members' professional experience and responsibilities as well as the scope and complexity of their work are taken into consideration. A horizontal remuneration comparison to other Austrian and German industrial companies ensures that the Managing Board remuneration is competitive and in line with the market, and that it will attract, motivate and retain the most qualified Managing Board members for the company. In addition, the remuneration and employment condition of the company's employees are taken into consideration in order to establish the relationship of Managing Board remuneration to the company's remuneration structure.

Managing Board members are employed on local Austrian terms and conditions. For this reason, remuneration components are determined in euros (gross). The Managing Board members' employment contracts are concluded with Lenzing AG and are subject to Austrian law.

¹ Source: ITMF, 18th Global Textile Industry Survey, January 2023

Components and structure of remuneration

The Managing Board members' remuneration comprises both performance-unrelated and performance-based components, which are as follows:

Overview of remuneration components

Remuneration components	Description of major parameters
Performance-unrelated remuneration	
Basic remuneration	Fixed salary at a competitive level taking into consideration individual Managing Board members' responsibilities and performance
Remuneration in kind and other benefits	Company car, insurance premiums
Pension contributions	Defined pensions are paid via an external pension fund
Performance-based remuneration	
Short-term variable performance bonus (Short-Term Incentive, STI)	<p>Performance assessment based on financial and non-financial criteria over a one-year assessment period</p> <ul style="list-style-type: none"> - Financial criteria: consolidated EBITDA, consolidated ROCE and the share of net profit/loss for the year attributable to shareholders of Lenzing AG - Non-financial targets: overall performance and individual performance (modifier of +/- 20 %) <p>Cap: 150 % of the target value bonus</p>
Long-term variable performance bonus (Long-Term Incentive, LTI)	<p>Performance assessment based on financial and non-financial criteria over an assessment period of several years</p> <ul style="list-style-type: none"> - Financial criteria: consolidated ROCE, the share of net profit/loss for the year attributable to Lenzing AG shareholders, and relative TSR - Non-financial criteria: sustainability targets <p>Cap: 200 % of the target value bonus</p>
Special grants and bonuses	May be granted in the case of extraordinary achievements that have a future-oriented benefit for the company, as well as sign-on and retention bonuses

The components of the target remuneration (excluding remuneration in kind and other benefits, pension contributions and any special grants or bonuses) account for the following percentages:

Remuneration components as a percentage of target remuneration	Chairperson of the Managing Board	Member of the Managing Board
Base salary	35-45 %	35-55 %
STI	15-30 %	20-35 %
LTI	30-50 %	20-35 %

The relative percentages of the existing contracts with Managing Board members lie within above-stated ranges. At the same time they serve as a benchmark for the conclusion of future contracts with Managing Board members. Information about the absolute amounts of remuneration components is presented in the Corporate Governance Report or in the company's Remuneration Reports after the Annual General Meeting for the 2020 financial year.

The long-term variable performance bonus promotes medium- to long-term value enhancement as well as the successful implementation of the Group strategy, including the sustainability strategy, of Lenzing AG. In addition, the LTI also takes into consideration the relative total shareholder return (TSR), in other words, the shareholder return from the share price performance and the dividend in relation to selected companies of the ATX Prime and MDAX. This serves the purpose of aligning the targets of the Managing Board members with the interests of shareholders and stakeholders.

As a consequence of taking the relative TSR into consideration, Managing Board members are granted share-based remuneration. In other respects, the focus of variable remuneration components is to be placed more on internal performance indicators relating to the company's financial results and sustainability indicators. The reason for this is that the stock market price of the company's shares is sometimes significantly affected by exogenous factors such as interest rates trends as well as bull and bear phases in the capital market, and for this reason has only limited use as a benchmark for assessing the Managing Board's performance.

With regard to C-Rule 27 of the Austrian Code of Corporate Governance, the Remuneration Policy makes provision whereby that the company may reclaim variable remuneration components if it transpires that they were paid on the basis of evidently false data (claw back).

Base salary

The base salary consists of fixed annual salary which is paid out in 14 equal installments. These payments cover all overtime, traveling time and all work performed in excess of normal working hours applying to the company's employees. This also includes directorships held at Group companies.

The basic salary is a fixed competitive payment that incentivizes Managing Board members to act for the company's benefit in accordance with shareholder interests, employee interests and the public interest.

Short-term variable performance bonus (Short-Term Incentive, STI)

The STI is based on the company's performance in the respective past financial year and depends on the financial targets of consolidated EBITDA, consolidated ROCE and the share of net profit/loss for the year attributable to shareholders of Lenzing AG as well as non-financial criteria.

Overview of STI performance criteria

Performance criterion	Financial			Non-financial
	EBITDA (absolute)	Return on capital employed (ROCE)	Share of net profit/loss for the year attributable to shareholders of Lenzing AG	Multiple ("modifier")
Weighting	70 %	30 %	30 %	0.8-1.2

The Supervisory Board's Remuneration Committee defines the target levels as well as the upper and lower limits for financial performance criteria for the assessment period (the current financial year), which apply to all Managing Board members equally, by January 31 of the financial year in question. The target may be defined by following the approved budget for the relevant year, among other

methods. The actual target achievement rates are then be calculated on the basis of the audited IFRS consolidated financial statements after the end of the respective financial year.

Financial performance criteria – STI

Performance	Target achievement rate
Upper limit	150 %
Target value	100 %
Lower limit	50 %
Lower limit not reached	0 %

If exactly the lower limit is achieved for the respective financial performance criterion, the target achievement level amounts to 50 percent. If the upper limit is reached or exceeded, the target achievement rate is 150 percent (cap). Intervening target achievement rates are distributed on a linear basis (linear interpolation). If the lower limit is not reached, the target achievement rate is 0 percent. As a consequence, the bonus share for the relevant performance criterion and the short-term variable performance bonus (STI) as a whole may be omitted completely.

Overview of the STI entitlement calculation



In the case of extraordinary performance that is not reflected in the financial criteria, the Remuneration Committee may increase the bonus that derives from the achievement of the financial performance criteria by a maximum of 20 percent by applying a modifier or may reduce the same by a maximum of 20 percent if performance lies below expectations. Normally, a modifier of 1.0 is applied. The basis for assessing non-financial performance is, firstly, the collective performance of the entire Managing Board and, secondly, the individual performance of each Managing Board member. This may, for example, include the achievement of important strategic corporate goals and the realization of key projects.

The level of the STI target bonus is defined individually for each Managing Board member in his or her employment contract. The STI bonus is limited to 150 percent of the target value bonus and cannot be exceeded, including by applying the modifier. The amount of the payment is calculated by June 30 of the financial year following the end of the assessment period and is then paid out in seven equal installments in the months July to December (including a special payment in December).

The inclusion of three financial and one non-financial target key performance indicators in the assessment ensures a comprehensive and balanced assessment of the Managing Board members' performance. The financial target key performance indicators take into consideration trends in both profitability and returns on capital. By using EBITDA with a weighting of 40 % the focus is on the trend in profitability. In addition, consolidated ROCE with a weighting of 30 percent takes into consideration the efficiency of capital employment. The appropriation of the share of the net profit/loss for the year attributable to the shareholders of Lenzing AG has the effect of aligning the remuneration with the interests of the shareholders of Lenzing AG.

Under special circumstances (in particular in a period of corporate restructuring) the Supervisory Board's Remuneration Committee may replace the financial performance criteria by alternative performance criteria, such as free cash flow as well as the EBITDA or EBIT margin, by January 31 of the current financial year. The weighting of the criteria may also be adjusted in the course of such a change. This is intended to enable the management to focus on generating free cash flows in critical phases in compliance with profitability trends.

Long-term variable performance bonus (Long-Term Incentive, LTI)

The LTI is a performance-based remuneration component with an assessment period of several years which is intended to achieve a long-term incentive effect. The LTI is granted on a rolling basis, i.e. in annual tranches with assessment periods of three years each. For this purpose, financial performance criteria, namely the share of net profit/loss attributable for the year to shareholders of Lenzing AG, consolidated ROCE and the company's capital market performance in relation to selected peer companies (relative TSR), and non-financial sustainability criteria are applied.

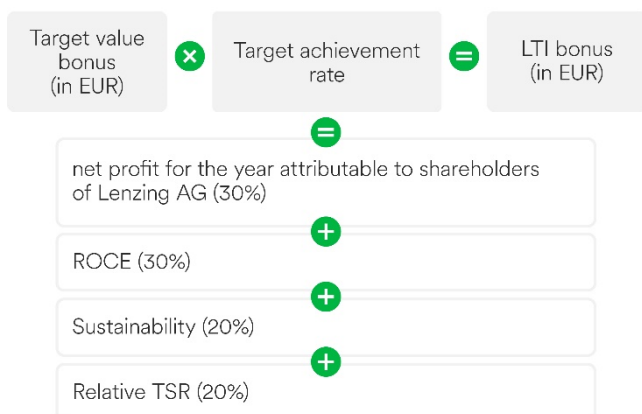
Overview of LTI performance criteria

Performance criterion	Financial			Non-financial
	Share of net profit/loss for the year attributable to shareholders of Lenzing AG	Return on capital employed (ROCE)	Relative total shareholder return (TSR)	Sustainability criteria (ESG KPIs)
Weighting	30 %	30 %	20 %	20 %

The Supervisory Board's Remuneration Committee defines the target values as well as the upper and lower limits for the financial LTI performance criteria for the assessment period (mean of the next three financial years), which applies to all Managing Board members, by January 31 of the financial year in question.

Starting from January 2022, the relevant ESG KPIs, assessment criteria and specific targets for sustainability criteria are to be defined by January 31 of the respective financial year.

Overview of the LTI entitlement calculation



Incentivizing Managing Board members in a uniform manner simplifies the integration of newly appointed Managing Board members, thereby serving the company's sustainable performance. When defining LTI targets, recourse is made to both internal sources such as corporate planning and, where appropriate, external sources such as analysts' estimates and historical peer performance. This is intended to create a target that is ambitious in comparison to competitors, thereby supporting the long-term competitiveness of Lenzing AG. The level of target achievement is then determined on the basis of the audited IFRS consolidated financial statements and of the sustainability reporting or, where applicable, the corresponding external ESG ratings for the financial years of the assessment period. In contrast to the STI, the LTI target achievement rate amounts to 200 percent (CAP) when reaching the upper limit.

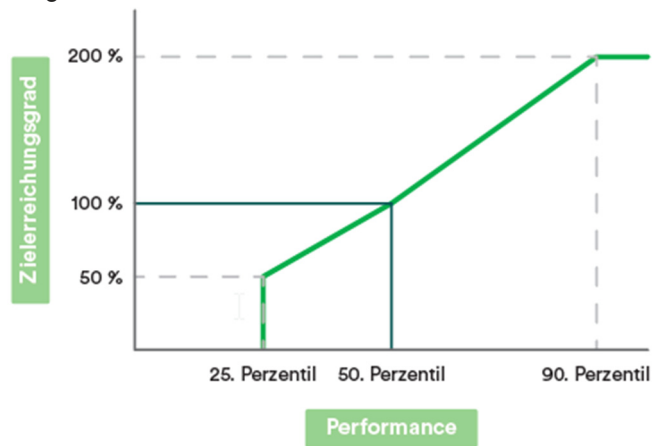
Target achievement rates – LTI

Performance	Target achievement rate
Upper limit	200 %
Target value	100 %
Lower limit	50 %
Lower limit not reached	0 %

Accordingly, the bonus share for the relevant performance criterion and the long-term variable performance bonus as a whole may be omitted entirely.

To assess the target achievement rate of the relative TSR, the TSR performance of Lenzing AG is compared with the performance of all ATX Prime and MDAX companies (in each case excluding banks, insurance companies and real estate companies). If the TSR of Lenzing AG equals the 50th percentile (median) of the peer group, the target achievement rate amounts to 100 percent. The 25th percentile is defined as the lower limit with a target achievement rate of 50 percent and the 90th percentile is defined as the upper limit with a target achievement rate of 200 percent. If the TSR of Lenzing AG lies below the 25th percentile, the degree of target achievement amounts to 0 percent. Between the 25th and 50th percentiles as well as the 50th and 90th percentiles, the TSR target achievement levels are distributed on a straight-line basis (linear interpolation).


Target achievement curve – relative TSR



In addition to the relative TSR, the use of the consolidated ROCE and the share of net profit/loss for the year attributable to Lenzing AG shareholders takes into consideration both profitability and the earnings trend in the long-term variable performance bonus. While the consolidated ROCE focuses efficient long-term capital employment, the share of net profit/loss for the year attributable to the shareholders of Lenzing AG has the effect of aligning remuneration with the shareholders' interests. The target levels and upper and lower limits for the consolidated ROCE and the share of net profit/loss for the year attributable to shareholders of Lenzing AG are generally not identical for the short-term and long-term performance bonus. By using the consolidated ROCE in both remuneration components the focus is on efficient capital employment.


Owing to the increasing significance of the topic of sustainability for all businesses and in particular also for Lenzing AG, from the 2022 LTI tranche onwards two to five sustainability targets are to be defined according to the following list of criteria:

List of Criteria




Environment

- Climate Targets
- Efficient use of resources
- Innovative processes
- Innovative products
- Broadening of raw material base
- ...



Social

- Attractiveness as employer
- Business culture
- Customer satisfaction
- Occupational health and safety
- Supplier relations
- ...



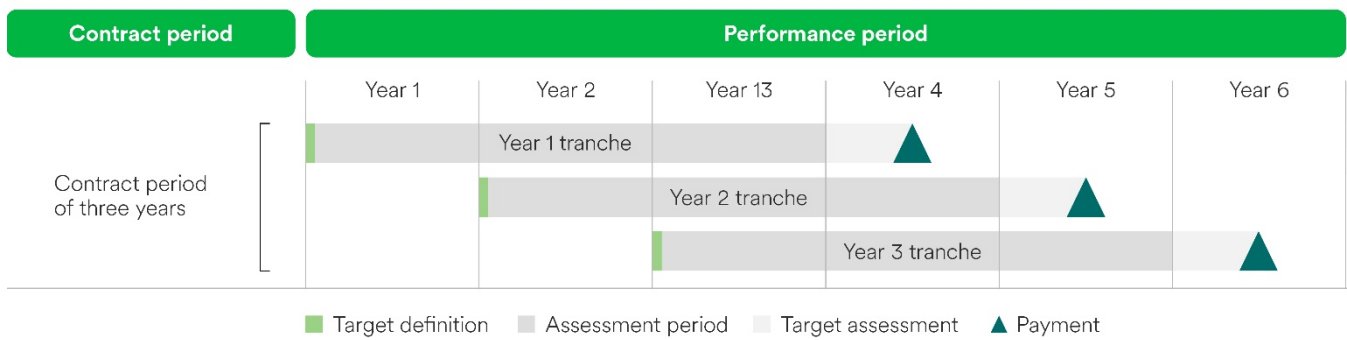
Governance

- Compliance
- Human rights
- Data security
- Governance structures
- Reporting
- Diversity
- ...

Positioning in external ESG-Ratings

The sustainability targets can thereby be adjusted to the business environment of Lenzing AG, and different emphases can be set for each financial year. The LTI is granted in yearly tranches with three-year assessment periods. Here, the target values and the upper and lower limits for the three financial performance criteria always refer to the mean of the three years of the assessment period. An LTI target bonus applies to each tranche, whose amount is defined for each Managing Board member individually in his or her employment contract.

The tranche model used for the LTI is intended to promote the company's long-term strategic development. When defining the LTI, this model also reflects the company's performance after the end of the term of office of a Managing Board member. This incentivizes Managing Board members to continue to hold long-term investments in the company at the end of their terms of office. This also helps to offset the effects of cyclical earnings fluctuations on the LTI.



The payment amount of the LTI tranche is to be calculated by June 30 of the financial year following the end of the assessment period for an LTI tranche, and is then paid in seven equal installments in the months July to December (including a special payment in December). If Managing Board members resign from their role before the end of the term for which they were appointed, or if they are dismissed for an exceptional reason as defined in Section 75 AktG, all claims to LTI payments for all LTI tranches for which the assessment period has not yet expired are forfeited.

Special grants and bonuses

The Remuneration Committee reserves the right to grant special bonuses for special work or achievements in addition to the aforementioned variable performance bonuses, provided that the company has derived a future-oriented benefit from such special work or achievements. Special bonuses are intended to motivate Managing Board members to manage the company on a sustainable and long-term basis.

The granting of sign-on bonuses and retention bonuses to Managing Board members is permitted. This may be necessary to attract top qualified Managing Board members and to retain them for the company.

Pension fund

Lenzing AG pays contributions into an external pension fund for the Managing Board members it employs. The level of such payments is defined individually for each Managing Board member in his or her employment contract and amounts to between 4 percent and 15 percent of the annual basic salary. Normally, no early retirement schemes apply.

Remuneration in kind and other benefits

The company has taken out a directors and officers (D&O) insurance policy, accident insurance and any other insurance necessary for Managing Board members' activities, such as a legal expenses insurance and foreign travel health insurance, the costs of which are borne by the company. The company may provide Managing Board members with a company car. In addition, Managing Board members may be reimbursed reasonable business expenses incurred in connection with their work as a Managing Board member, as well as travel expenses. Managing Board members have health, pension and accident insurance cover with an Austrian social security institution. The costs of social security contributions are divided between Managing Board members and the company according to the statutory key, and the company pays a statutory contribution to a severance payment and pension fund. In the case

of the death of a Managing Board member, the company may grant the widow or the children of the deceased a death benefit.

Derogation from the Remuneration Policy in extraordinary circumstances

In extraordinary circumstances, the Remuneration Committee or the Supervisory Board may temporarily derogate from this Remuneration Policy in accordance with Section 78a (8) AktG in order to ensure the company's long-term development and/or profitability.

If the office of a Managing Board member is assumed by a Supervisory Board member on an interim basis, the variable remuneration components and the proportion between the basic salary and variable remuneration components may be defined on a different basis in order to incentivize the Managing Board member who has been delegated by the Supervisory Board in a manner that is appropriate for the situation. In the 2022 financial year, this was the case for Cord Prinzhorn (Chairman of the Managing Board until March 31, 2022).

In addition, in extraordinary circumstances that are particularly challenging in macroeconomic terms or specifically for the company, other short-term and long-term performance bonuses may be defined on a temporary basis in order to attract and/or retain particularly suitable Managing Board members and to motivate them accordingly by means of remuneration incentives.

Term of office of Managing Board members

The term of office of a Managing Board member is normally limited to approximately three years; in exceptional cases a term of office of up to five years may be agreed. Re-appointments are permitted. To ensure continuity on the Managing Board, the Supervisory Board ensures that the majority of the contracts of Managing Board members do not end on the same date.

Termination of the office of a Managing Board member

The Managing Board members' employment contracts are concluded for limited periods of time. They may only be terminated for exceptional reasons, in particular those of Section 27 of the Austrian Employees Act (AngG), with no notice period being applicable. In the case of permanent occupational disability or if an illness continues for more than six months, the employment relationship may also be terminated during the term of the contract by either of the parties by giving three months' written notice as of June 30 or December 31 of a given year.

In the case of early termination of an appointment to the Managing Board by the company for any of the reasons stated in Section 75 AktG, or in the case of resignation from office without an exceptional reason and without the Supervisory Board's consent, the employment contract is also to end.

If severance pay was agreed with Managing Board members in the case of early termination without an exceptional reason, such severance pay must not exceed the annual base salary plus the maximum STI for a maximum of two years or a shorter residual term of contract, if applicable.

Overview of the total remuneration of the Managing Board

Due to these overall conditions, the targets for the short-term variable bonus were not achieved. The targets for the LTI (2022 tranche) were met at a preliminary target achievement rate of 33 %.

The total remuneration of all members of the Managing Board for the 2022 financial year amounts to EUR 2,340 thousand. Performance-unrelated components account for EUR 2,388 thousand while performance-based components amounted to a total of EUR minus 48 thousand.

The following table shows the remuneration due and granted in accordance with the statutory requirements of the Austrian Stock Corporation Act (Section 78 et seq. AktG) and the recommendations of the Austrian Code of Corporate Governance.

Overview of Managing Board remuneration 2022 – Remuneration due and granted

EUR thousand	DI Stephan Sielaff ¹	Robert van de Kerkhof, MBA	DI Christian Skilich, MBA, LL.M.	Cord Prinzhorn, MBA ²	Mag. Thomas Obendrauf, MBA ³	Dr. Heiko Arnold ⁴	Total
Performance-unrelated	674	522	548	180	263	1	2188
Base salary	584	466	474	175	236	0	1,934
Benefits in kind and other benefits (especially company cars)	13	10	16	2	5	0	46
Contributions to the inter-company pension fund	77	47	59	3	21	1	208
Other insurance benefits	0	0	0	0	0	0	0
Performance-based	-8	-110	-155	75	151	0	-48
Short-Term Incentive (STI)	0	0	0	75	0	0	75
Long-Term Incentive (LTI)	-8	-110	-55	0	-149	0	-323
<i>thereof owed</i>	-11	-13	-8	0	-13	0	-46
<i>thereof granted</i>	3	-97	-47	0	-136	0	-277
Other performance-based remuneration	0	0	-100	0	300	0	200
Remuneration of affiliated companies	0	0	0	0	0	0	0
Salary for managing director activities at subsidiaries	0	0	0	0	0	0	0
Other remuneration	0	0	0	0	200	0	200
Compensation payments and one-off severance payments	0	0	0	0	200	0	200
Extraordinary remuneration payments	0	0	0	0	0	0	0
Remuneration from former board function	0	0	0	0	0	0	0
Retirement pension	0	0	0	0	0	0	0
Total remuneration	666	412	394	255	613	1	2,340
<i>thereof performance-unrelated in %</i>	101.2 %	126.8 %	139.4 %	70.6 %	75.4 %	94.7 %	102.0 %
<i>thereof performance-based in %</i>	-1.2 %	-26.8 %	-39.4 %	29.4 %	24.6 %	5.3 %	-2.0 %
Disbursements in 2022 for performance-based bonuses ⁵	575	375	375	78	608	39	2,049

1) CEO of Lenzing AG since April 1, 2022

2) Stepped down from the Managing Board as of March 31, 2022

3) Stepped down from the Managing Board as of May 31, 2022; additional payment for unused vacation days in the amount of EUR 176 thousand (of which EUR 48 thousand expensed in basic salary)

4) Stepped down from the Managing Board as of April 30, 2020

5) For benefits/payments in the 2022 financial year or for prior periods

The remuneration due represents those remuneration components that actually accrued in the 2022 reporting period and are attributable to this reporting period, as well as the final entitlements acquired for this period. Within the performance-related remuneration components in the 2022 financial year, the remuneration due amounts to EUR 29 thousand, of which EUR 75 thousand derives from the STI tranche 2022 and EUR minus 46 thousand derives from the LTI tranche 2020. For the STI tranche 2022, the final entitlement was vested by resolution of the Remuneration Committee, with a provision of EUR 75 thousand being expensed as a consequence. Based on the final determination of the entitlements for the LTI tranche 2020, the provision was adjusted through profit or loss in the amount of EUR 46 thousand.

Remuneration granted includes those remuneration components that are economically attributable to the 2022 reporting period, but have not yet been finally determined and disbursed. Allocations to provisions for severance payments and pensions are excluded from this. Based on the current Remuneration Policy, the LTI is the only contract component at Lenzing AG whose final determination and disbursement occurs at a date after the reporting period. The final entitlements are not determined and thereby vested until the end of the last year of the assessment period of the respective LTI tranche. In the reporting year, the remuneration granted amounted to EUR minus 277 thousand, resulting from the change in provisions for the 2022 LTI tranche and 2021 LTI tranche. On the basis of the current business performance and the resulting preliminary target achievement for the 2022 LTI tranche, provisions of EUR 378 thousand were formed. The provision for the LTI tranche 2021 was adjusted through profit or loss in the amount of

EUR 655 thousand due to the preliminary determination of the claims.

As part of the termination of the contract with Thomas Obendrauf, no lump-sum settlement was made for the STI tranche 2022 and for the LTI tranches 2020, 2021 and 2022. The calculation and payment are made in accordance with the provisions of the employee contract and the target agreement for the respective year. For 2022, the pro rata bonus is due until the retirement date (May 31, 2022). For the period June 1, 2022 to December 31, 2022, a contract of employment was concluded with Thomas Obendrauf. For the support of the finance area until the onboarding of his successor, a special bonus of EUR 100 thousand was granted, which was paid into the pension fund. In addition, a post-contractual non-competition clause was agreed with the Managing Board member. For compliance with the post-contractual non-competition clause, the Managing Board member is entitled to a consideration of EUR 200 thousand as remuneration, for which a liability was expensed. At the time of departure, a vacation replacement payment of EUR 176 thousand was paid out, of which EUR 48 thousand was expensed in the reporting period.

For the calculation of the relative shares of performance-unrelated and performance-based components of total remuneration, ancillary benefits, pension contributions as well as other components are not taken into consideration, as specified by the Remuneration Policy.

Overview of the annual change in the total remuneration of the Managing Board and the company's performance

Annual change in total remuneration of the Managing Board and financial performance in 2022

EUR thousand	2022	Change in %	2021	Change in %	2020
Change in Managing Board remuneration					
DI Stephan Sielaff ¹⁾ , CEO	666	-46 %	1238	142 %	511
Robert van de Kerkhof, MBA, member of the Managing Board	412	-59 %	1010	64 %	615
Christian Skilich, MBA, LL.M., member of the Managing Board	394	-68 %	1239	113 %	581
Cord Prinzhorn, MBA ²⁾ , former member of the Managing Board	255	-48 %	490	n. a.	0
Mag. Thomas Obendrauf, MBA ³⁾ , former member of the Managing Board	613	-53 %	1,304	121 %	591
Dr. Heiko Arnold ⁴⁾ , former member of the Managing Board	1	n. a.	-1	n. a.	18
The company's financial performance					
EBITDA (in EUR mn)	241.9	-33 %	362.9	85 %	196.6
Net income (in EUR mn)	-37.2	-129 %	127.7	n. a.	-10.6
Net income attributable to shareholders (in EUR mn)	-73.1	-166 %	110.3	n. a.	6.3
ROCE (in %)	2.0	-100 %	5.4	n. a.	-0.6
TSR (percentile)	12.9	-83 %	75.8	217 %	23.9
Remuneration of employees					
Average remuneration of employees on a full-time equivalent basis	68	-13 %	78	20 %	65
Average remuneration without government subsidies for short-time work	68	-13 %	78	15 %	68
Total number of employees on a full-time equivalent basis	2,912	4 %	2,812	5 %	2,669

The following accrued remuneration components were included in the calculation of the average remuneration of other employees: basic wage, basic salary, apprentice remuneration, special payments, allowances, overtime, bonuses. The calculation basis thereby corresponds to the remuneration due.

STI target achievement

In accordance with the remuneration policy, the STI of Lenzing AG is based on the company's performance in the 2022 financial year and depends on the financial targets of consolidated EBITDA, consolidated ROCE and the share of net income/loss for the year attributable to shareholders of Lenzing AG as well as non-financial criteria.

STI target achievement 2022

Criteria		Lower limit	Target value	Upper limit	Actual value 2022	Target achievement	Weighting	Weighted
EBITDA	EUR mn	392.8	491.0	589.2	241.9	0.0 %	40 %	0.0 %
ROCE	in %	4.0 %	5.0 %	6.0 %	2.0 %	0.0 %	30 %	0.0 %
Net profit for the year ¹⁾	EUR mn	86.4	108.0	129.6	-73.1	0.0 %	30 %	0.0 %
Target achievement before modifier	in %							0.0 %

STI bonus entitlement 2022 – Managing Board members

EUR thousand	DI Stephan Sielaff ¹⁾	Robert van de Kerkhof, MBA	DI Christian Skilich, MBA, LL.M.	Mag. Thomas Obendrauf, MBA ²⁾
Target remuneration	392.5	250.0	340.0	104.2
STI bonus entitlement 2022	0.0	0.0	0.0	0.0

1) CEO of Lenzing AG since April 1, 2022

2) Stepped down from the Managing Board as of May 31, 2022.

Due to the interim assumption of a Management Board mandate by Cord Prinzhorn (until March 31, 2022), the STI is not calculated on the basis of the KPIs and target values applicable to the other members of the Managing Board.

LTI target achievement

The LTI of Lenzing AG is granted on a rolling basis, i.e. in annual tranches with assessment periods of three years each. The financial performance criteria used are consolidated net profit and consolidated ROCE, relative TSR, and, from the tranche from the 2022 financial year onwards, an additional two to five sustainability targets from a defined catalog of criteria.

The company reserves the right not to publish the target values as well as the lower and upper limits for the LTI in order to thereby protect sensitive business information. The target remuneration for the 2022 tranche is as follows:

LTI tranche 2022 target remuneration – Managing Board members

EUR thousand	DI Stephan Sielaff ¹⁾	Robert van de Kerkhof, MBA	DI Christian Skilich, MBA, LL.M.	Mag. Thomas Obendrauf, MBA ²⁾
Target remuneration	500	200	350	83

1) CEO of Lenzing AG since April 1, 2022

2) Stepped down from the Managing Board as of May 31, 2022

Due to the interim assumption of a Managing Board mandate, Cord Prinzhorn does not receive an LTI.

As of the 2022 financial year, the assessment period for the 2020 LTI tranche was completed and the entitlements finally vested. This tranche will be paid out in 2023. The following table presents the final target achievement for the 2020 tranche.

For the net profit for the year and the consolidated ROCE, the lower limit of the KPIs was not reached. The target achievement consequently amounts to 0.0 percent. The target achievement of the relative TSR amounts to 54.8 percent. As a consequence, the overall target achievement for the 2020 tranche stands at 11.0 percent.

LTI target achievement 2020 tranche

Criteria		Lower limit	Target value	Upper limit	Actual value 2020–22	Target achievement	Weighting	Weighted
Net profit for the year	EUR mn	93	116	139	26.6	0.0 %	40 %	0.0 %
ROCE	in %	3.2 %	4.2 %	5.2 %	2.3 %	0.0 %	40 %	0.0 %
Relative TSR	Percentile	25	50	90	n.a.	54.8 %	20 %	11.0 %
Overall target achievement	in %							11.0 %

LTI tranche 2020 bonus entitlement – Managing Board members

EUR thousand	DI Stephan Sielaff ¹	Robert van de Kerkhof, MBA	DI Christian Skilich, MBA, LL.M. ²	Mag. Thomas Obendrauf, MBA
Target remuneration	166.7	200.0	116.7	200.0
LTI bonus entitlement 2020	18.3	21.9	12.8	21.9

1) Member of the Managing Board since March 1, 2020

2) Member of the Managing Board since June 1, 2020

Remuneration of former board members

Post-employment benefits of EUR 826 thousand were recognized for former members of the Managing Board of Lenzing AG or their surviving dependents in the form of income in the income statement and allocations to other comprehensive income (2021: EUR 12 thousand of income). 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 4,923 thousand as of December 31, 2022 (December 31, 2021: EUR 6,512 thousand).

Remuneration of the Supervisory Board

The Remuneration Committee is responsible for preparation and regular review of the Remuneration Policy for Supervisory Board members. The plenary Supervisory Board is responsible for setting up the Remuneration Policy for the Supervisory Board. The rules for determining the Supervisory Board members' remuneration are provided in the Articles of Association (Section 13) of Lenzing AG, which are disclosed on the company's website. The final annual determination of the remuneration for the Supervisory Board is the responsibility of the Shareholders' General Meeting (Section 98 AktG).

Basic principles of the remuneration policy

As a matter of principle, the remuneration for the Supervisory Board consists of basic remuneration for work on the Supervisory Board and for membership of a committee, and an attendance fee for meetings of the Supervisory Board and its committee(s). In view of the greater responsibility and the broader scope of activities, the chair of the Supervisory Board and his/her deputy, the chairs of the committee(s), specific committee members and the financial expert may be granted a basic remuneration that is higher than that of regular Supervisory Board members. In addition, Supervisory Board members are entitled to reimbursement of their expenses.

If Supervisory Board members take on a special task within the company, special remuneration may be granted to them by resolution of the Annual General Meeting.

In order to attract, motivate and retain the most suitable Supervisory Board members, remuneration is defined in a performance-based manner and is in line with the market. When defining remuneration that is in line with the market, not only Austrian but also foreign companies, in particular currently German companies, are used as benchmarks. In view of the global business activities of Lenzing AG, this is necessary in order to offer highly-qualified international candidates attractive remuneration.

The company has taken out a directors and officers (D&O) insurance policy, which also includes the members of the Supervisory Board.

Overview of the total remuneration of the Managing Board

The total remuneration of all Supervisory Board members for the 2022 financial year amounts to EUR 745 thousand (previous year: EUR 907 thousand), which corresponds to a decrease of 17.9 %.

The following table shows the remuneration due in accordance with the statutory requirements of the Austrian Stock Corporation Act (Section 78 et seq. AktG) and the recommendations of the Austrian Code of Corporate Governance. No additional remuneration was granted to the Supervisory Board.

Overview of the total remuneration of the Supervisory Board in 2022

EUR thousand	Fixed remuneration	Committee activity	Meeting fees	Special remuneration	Insurance payments	Total
Cord Prinzhorn, MBA ¹ , Chairman	63	55	13	0	0	131
Dr. Stefan Fida, Deputy Chairman	50	20	11	0	0	81
Dr. Markus Fürst, member	40	33	13	0	0	85
Mag. Helmut Bernkopf, member	40	0	6	0	0	46
Dr. Christian Bruch, member	40	15	6	0	0	61
Dr. Franz Gasselsberger, MBA, member	40	20	8	0	0	68
Mag. Patrick Prügger, member	43	50	11	0	0	103
Dr. Astrid Skala-Kuhmann, member	40	13	11	0	0	64
Melody Harris-Jensbach, member	40	0	5	0	0	45
Dipl.-Bw. Peter Edelmann ² , former member	23	23	7	0	0	52
members delegated by the Works Council	0	0	12	0	0	12
Total remuneration	418	228	99	0	0	745

1) Mandate active again since April 1, 2022

2) Stepped down from the Supervisory Board as of April 26, 2022

Information about share-based remuneration

The remuneration of the Supervisory Board is intended to promote the business strategy and the long-term development of the company by appropriately taking into consideration the responsibility and the scope of work of the Supervisory Board members as well as the company's financial position. In order to ensure that the Supervisory Board can supervise the management in an unbiased

manner, Supervisory Board members are neither granted variable remuneration or bonuses nor share-based remuneration; this prevents convergence with the interests of the Managing Board.