



# CanopyStyle Audit Report for Lenzing AG

**Annual audit 2019**

**Evaluation date: 09.05.2019**

**Report finalization date: 16.09.2020**

## **Organisation Contact**

Werkstrasse 2, Lenzing  
4860, Austria

## **Audit managed by**

NEPCon F.M.B.A.  
Skindergade 23, 3. sal, 1159  
Copenhagen K, Denmark

## TABLE of CONTENTS

|   |    |
|---|----|
| INTRODUCTION  | 3  |
| 1. GENERAL DESCRIPTION  | 4  |
| 2. EVALUATION SCOPE   | 6  |
| 3. EVALUATION PROCESS   | 6  |
| 4. EVALUATION RESULT  | 9  |
| Appendix A: STANDARD CHECKLIST (CanopyStyle Verification Framework – Corporate Sourcing)                        | 15 |
| Appendix B: STANDARD CHECKLIST (CanopyStyle Verification Framework – Viscose Mill 1 Lenzing Biocel Paskov a.s.) | 33 |
| Appendix C: STANDARD CHECKLIST (CanopyStyle Verification Framework – Viscose Mill 2 South Pacific Viscose)      | 41 |

# INTRODUCTION

NEPCon is an international, non-profit organisation that delivers sustainability services and engages in innovation projects to facilitate the transformation of business practices and consumer behaviour to promote the responsible use of natural resources. Over 1,300 Chain of Custody-certified clients benefit from our over 15 years of experience in providing services to the forest supply chain sectors – including timber processing and manufacturing companies, printing houses, publishers, paper merchants, traders and retailers of all sizes. Through a well-developed network of regional representatives and contractors, NEPCon offers timely and cost-effective certification services around the world.

The purpose of this report is to document performance of **LENZING AG** hereafter referred to as “Organization”, against the requirements of the Verification Framework and Guidelines, (February 2019 version<sup>1</sup>) and further guidance documents<sup>2</sup> developed by Canopy and approved, supported and requested by the CanopyStyle Leaders for Forest Conservation (Leaders Group)<sup>3</sup> and the 198 brands, retailers and designers looking to implement their sourcing policies for man-made cellulosic textiles. The focus of this verification audit is to manage the risk and avoid sourcing from ancient and endangered forests and other controversial sources and implement other sustainable sourcing measures, across the supply chain from the point of wood harvesting in forests and/or plantations and through to the brand and retail customers. Man-made cellulosic fibre (MMCF) producers, are required to document and provide evidence towards a set of pre-defined social and environmental criteria and key progress indicators as part of the CanopyStyle initiative.

The audit presents the findings of NEPCon auditors who have evaluated organization systems and performance against the applicable standard(s). The public version excludes confidential and sensitive information that does not affect the formal results of the audit.

Section 4 below provides the evaluation conclusions. The auditor reviewed and used Canopy’s map of ancient and endangered forests, which has been overlaid with the sourcing regions and list of suppliers of the organization to assess the level of risk.

Dispute resolution: If NEPCon clients encounter organisations or individuals having concerns or comments about NEPCon services, these parties are strongly encouraged to contact the relevant NEPCon regional office or any member of the NEPCon Chain of Custody Programme. Formal complaints and concerns should be sent in writing.

---

<sup>1</sup> <https://canopyplanet.org/wp-content/uploads/2019/04/CanopyStyle-Audit-Guidelines-and-Framework-2019-version.pdf>

<sup>2</sup> <https://canopyplanet.org/resources/canopystyleaudit/canopystyle-audit-guidelines/>

<sup>3</sup> Current members of this group are H&M, M&S, Inditex/Zara, EILEEN FISHER, Stella McCartney and Canopy

# 1. GENERAL DESCRIPTION

## 1.1 Organization overview

Based in Austria, the Lenzing Group (Lenzing Aktiengesellschaft and its subsidiaries) is one of the world's leading producers of wood-based pulp and cellulosic fibers, with production sites in major markets and a global network of sales and marketing offices.

Lenzing's product portfolio extends from dissolving wood pulp as the basic raw material to standard fibers and innovative specialty fibers as well as energy, biorefinery products and co-products.

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

The Lenzing Group operates in three major fiber process technologies:

- Viscose (rayon)
- Modal
- Lyocell

Based on the Lyocell process, three new process technologies have been developed in recent years: REFIBRA™ technology, Eco Filament technology and LENZING™ Web technology.

Lenzing's high-quality fibers are supplied to the textile and nonwoven industry as well as for industrial applications.

The principle raw materials for producing LENZING™ fibers are wood and chemicals. Lenzing uses dissolving wood pulp from its own production as well as from external suppliers.

Production takes place in two stages: firstly, the production of dissolving wood pulp and, secondly, the production of fibers. Lenzing's own dissolving wood pulp is produced in two biorefineries at the sites in Austria and Czech Republic, along with energy and biorefinery products that are extracted, utilized, or sold. During subsequent fiber production, relevant chemicals are recovered, utilized, or sold as co-products.

## 1.2 Organization scope (sites, locations, etc)

Lenzing AG is a publicly traded company and its shares are quoted on the Vienna Stock Exchange. In 2018, there was no change in the ownership structure. Majority shareholder B&C Group held 50 percent plus two shares and Oberbank held 3.8 percent. The free float at balance sheet date accounted for 46.2 percent.

| Site                                     | Location       | Product        | Capacity                            |
|--|----------------|----------------|-------------------------------------|
| Lenzing AG (Lenzing Global Headquarters) | Austria        | -              | -                                   |
| Lenzing Pulp Trading GmbH (PTG)          | Austria        | Pulp           | Trader only                         |
| Lenzing                                  | Austria        | Viscose, Modal | 284,000 t fibers p.a.               |
|  |                | Lyocell        | 74,000 t fibers p.a.                |
|  |                | Pulp           | 320,000 t dissolving wood pulp p.a. |
| Paskov                                   | Czech Republic | Pulp           | 275,000 t dissolving wood pulp p.a. |
| Purwakarta                               | Indonesia      | Viscose        | 323,000 t fibers p.a.               |
| Nanjing                                  | China          | Viscose        | 178,000 t fibers p.a.               |

|               |                |         |                      |
|---------------|----------------|---------|----------------------|
| Mobile        | USA            | Lyocell | 51,000 t fibers p.a. |
| Grimsby       | United Kingdom | Lyocell | 45,000 t fibers p.a. |
| Heiligenkreuz | Austria        | Lyocell | 90,000 t fibers p.a. |

Lenzing AG has in total 7 production sites for Viscose, Modal and Lyocell and two production sites for pulp. The sourcing of the 7 production facilities is done by Pulp Trading GmbH, Lenzing trading company, which source approximately half of the necessary pulp from internal production from Austria or Czech Republic, the other half is sourced from external pulp suppliers.

The construction of a state-of-the art lyocell fiber production plant in Prachinburi (Thailand) was announced in June 2019. The plant will have a capacity of 100,000 tons and feature investments of approximately EUR 400 mn. On June 21<sup>st</sup>, 2019, Lenzing and Duratex announced plans to build a 450,000t dissolving pulp mill in Brazil<sup>4</sup>.

### 1.3 Organization sourcing policy

The supply of wood and pulp of a specified quality and quantity to all of the Group's pulp and fibre production sites is an important part of the Lenzing Group's core business.

In its website, Lenzing states its commitment as written below:

"We strive to source wood and pulp exclusively from non-controversial sources, preferring suppliers participating in credible forest certification programs, in particular the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC)."

Controversial sources include wood which has been harvested:

- Illegally
- from forests of high conservation value, including ancient and endangered forests, and endangered species habitats
- from plantations established after 1994 through significant conversion of natural forests or converted to non-forest use
- from forests or plantations growing genetically modified trees
- in violation of traditional, community and/or civil rights
- in violation of any of the ILO Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work".

Lenzing's Wood and Pulp Policy are publicly available here:

[https://www.lenzing.com/index.php?type=88245&tx\\_filedownloads\\_file%5bfileName%5d=fileadmin/content/PDF/04\\_Nachhaltigkeit/Richtlinien\\_u\\_Kodizen/EN/Wood\\_Pulp\\_Policy\\_EN.pdf](https://www.lenzing.com/index.php?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/04_Nachhaltigkeit/Richtlinien_u_Kodizen/EN/Wood_Pulp_Policy_EN.pdf)

---

<sup>4</sup> <https://www.lenzing.com/newsroom/press-releases/press-release/article/news/detail/adhoc-lenzing-and-duratex-plan-to-build-450000-t/>

## 2. EVALUATION SCOPE

| Scope Item   | Check all that apply to the Certificate Scope                           |  |
|--|---|--|
| Mill Type:   | <input type="checkbox"/> Single   | <input checked="" type="checkbox"/> Multi-site   |
| Input Material Source:                                   | <input checked="" type="checkbox"/> Listed in supplier CoC form         | <input type="checkbox"/> Other suppliers   |
| Majority Fiber Input:                                    | Dissolving pulp   |  |
| Map of Ancient and Endangered Forests Overlay Completed: | <input type="checkbox"/> Yes  | <input checked="" type="checkbox"/> No<br><br>Comments: The organization did not provide a map to overlay, but a list of suppliers with general understanding of origin areas. |
| Mill Capacity:   | Lenzing 300.000 ton/year, Paskov 275.000 ton/year                       |  |
| Primary Activity:  | Pulp & man-made cellulosic fibre production (Viscose, Modal, Lyocell)   |  |
| Outsourcing:   | <input type="checkbox"/> FSC-certified subcontractors                   | <input type="checkbox"/> Non-certified subcontractors  |
|  | <input type="checkbox"/> Outsourcing of the complete production process |  |
|  | <input type="checkbox"/> High risk subcontractor site(s) included       |  |
|  | <input checked="" type="checkbox"/> No outsourcing                      |  |
| Workforce:   | Permanent male: 5732  | Permanent female: 925  |
|  | Contract male: -  | Contract female: -   |
|  | TOTAL: 6657   |  |

## 3. EVALUATION PROCESS

### 3.1 Audit Team

| Auditor name(s) | Qualifications  |
|-----------------|---|
| Alexandru Orban | Romanian/Hungarian citizen. From 2006 he has been working as ISO auditor for different international certification bodies and has also gained significant experience as an independent consultant in the wood industry. He works as FSC auditor since 2011. Alex holds a Bachelor's degree in Chemical Engineering and a Master's degree in Eco-Management and continue his studies in forestry. He has passed the related NEPCon Lead Auditor courses. Alex joined NEPCon in 2014. |
| Michal Rezek    | Czech citizen, graduated at Masaryk University in Brno with MSc. in Geography and Cartography. NEPCon Regional manager and FSC auditor. He participated at FSC CoC Lead auditor courses and in number chain of custody, FSC Controlled Wood and forest management certification assessments in European countries, India and China.   |

|               |   |
|---------------|---|
| Randy Perdana | Indonesian citizen. Chain of Custody Coordinator and FSC Trademark Agent for NEPCo. He has completed FSC Chain of Custody Lead Auditor training, fulfills ISO training requirement FSC-STD-20-001 and completed FSC trademark training for Certification Bodies on FSC-STD-50-001 V2-0 held by FSC. Previously he has been working with Rainforest Alliance for more than 7 years and has vast COC on-site auditing experience in South East Asia, Taiwan, China and Japan. |
|---------------|---|

### 3.2 Audit Overview

| Site(s)  | Audit type         | Audit date       | Total on-site audit time (Hours) |
|--|--------------------|------------------|----------------------------------|
| Corporate Office (Lenzing, Austria)                    | Corporate audit    | 9 May 2019       | 8,0                              |
| Viscose mill 1 (Lenzing Biocel Paskov, Czech Republic) | Short-notice audit | 27 November 2019 | 3,0                              |
| Viscose mill 2 (South Pacific Viscose, Indonesia)      | Short-notice audit | 10 December 2019 | 5,0                              |

### 3.3 Description of Overall Audit Process

#### Corporate audit:

Opening Meeting time: 9:00

Participants: Head of Corporate Sustainability; Director Wood Procurement; Technical Customer Service Pulp; Wood Procurement - Certification Specialist; Group Product Safety & Regulatory Affairs Manager; Group Product Safety & Regulatory Affairs Manager; Sustainability Systems & Coordination.

Document review & interview: 9:30

Participants: Head of Corporate Sustainability; Director Wood Procurement; Technical Customer Service Pulp; Wood Procurement - Certification Specialist; Group Product Safety & Regulatory Affairs Manager; Group Product Safety & Regulatory Affairs Manager; Sustainability Systems & Coordination.

Site Inspection/ Facility Inspection & interview: there were no site inspections.

Auditor time: 15:30.

Closing meeting: 16:30

Participants: Head of Corporate Sustainability; Director Wood Procurement; Technical Customer Service Pulp; Wood Procurement - Certification Specialist; Sustainability Systems & Coordination.

Internet research: 06-08.05.2019

List of documents and websites reviewed:

- Lenzing Wood and Pulp policy:  
[https://www.lenzing.com/index.php?type=88245&tx\\_filedownloads\\_file%5bfileName%5d=fileadmin/content/PDF/04\\_Nachhaltigkeit/Richtlinien\\_u\\_Kodizen/EN/Sustainability\\_Policy\\_EN.pdf](https://www.lenzing.com/index.php?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/04_Nachhaltigkeit/Richtlinien_u_Kodizen/EN/Sustainability_Policy_EN.pdf)
- Lenzing Sustainability Report 2018:  
[https://www.lenzing.com/index.php?type=88245&tx\\_filedownloads\\_file%5bfileName%5d=fileadmin/content/PDF/04\\_Nachhaltigkeit/Nachhaltigkeitsberichte/EN/NHB\\_2018\\_EN.pdf](https://www.lenzing.com/index.php?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/04_Nachhaltigkeit/Nachhaltigkeitsberichte/EN/NHB_2018_EN.pdf)
- Lenzing-Canopy-Verification-Audit-Public-Report: [https://www.rainforest-alliance.org/business/wp-content/uploads/2018/10/Lenzing-Canopy-Verification-Audit-Public-Report\\_sans-Russia\\_23May2017.pdf](https://www.rainforest-alliance.org/business/wp-content/uploads/2018/10/Lenzing-Canopy-Verification-Audit-Public-Report_sans-Russia_23May2017.pdf)
- Lenzing AG FSC CW Public Summary 18:  
<http://fsc.force.com/servlet/servlet.FileDownload?file=00Pf300000wA3a5EAC>
- Lenzing Biocel Paskov a.s. FSC CW Public Summary 18:  
<http://fsc.force.com/servlet/servlet.FileDownload?file=00Pf300000uFTeHEAW>
- Lenzing Biocel Paskov CW risk assess:  
<http://fsc.force.com/servlet/servlet.FileDownload?file=00Pf300000uFTeMEAW>
- Article: [https://www.researchgate.net/publication/279488077\\_A\\_new\\_high-resolution\\_habitat\\_distribution\\_map\\_for\\_Austria\\_Liechtenstein\\_southern\\_Germany\\_South\\_Tyrol\\_and\\_Switzerland](https://www.researchgate.net/publication/279488077_A_new_high-resolution_habitat_distribution_map_for_Austria_Liechtenstein_southern_Germany_South_Tyrol_and_Switzerland)
- CanopyStyle Audit Framework 2019 version: <https://canopyplanet.org/wp-content/uploads/2019/04/CanopyStyle-Audit-Guidelines-and-Framework-2019-version.pdf>
- Global Code of Conduct:  
[https://www.lenzing.com/index.php?type=88245&tx\\_filedownloads\\_file%5bfileName%5d=fileadmin/content/PDF/08\\_Corporate\\_Governance/Richtlinien\\_und\\_Kodizes/EN/code\\_of\\_conduct.pdf](https://www.lenzing.com/index.php?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/08_Corporate_Governance/Richtlinien_und_Kodizes/EN/code_of_conduct.pdf)
- Supplier Code of Conduct:  
[https://www.lenzing.com/index.php?type=88245&tx\\_filedownloads\\_file%5bfileName%5d=fileadmin/content/PDF/08\\_Corporate\\_Governance/Richtlinien\\_und\\_Kodizes/EN/supplier\\_code\\_of\\_conduct\\_EN.pdf](https://www.lenzing.com/index.php?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/08_Corporate_Governance/Richtlinien_und_Kodizes/EN/supplier_code_of_conduct_EN.pdf)
- General Wood Purchase and Delivery Conditions: <https://www.lenzing.com/wood-purchasing/>
- Pulp Suppliers List Lenzing Group 2019
- Risk Assessment – Sourcing Countries

#### **Short notice audit to the viscose mill:**

##### ***Short-notice audit to viscose mill 1 (Biocel Paskov)***

The audit was announced to the organization on 25<sup>th</sup> of November as a short notice audit. The audit was conducted alongside to the FSC and PEFC annual audit on 26-27 November 2019. Prior to the audit the organization submitted documentation regarding CoC and DDS system to the auditor for review.

The audit started on 26 November 2020 with opening meeting in Lenzing Biocel Paskov office with the organization's CoC responsible people and external consultants (dealing with organization DDS for the Czech Republic and Slovakia). During opening meeting audit process and information regarding confidentiality and conflict of interest were explained. Then audit plan was discussed.



The auditor interviewed FSC and PEFC specialist, HR manager, H/S manager and Laboratory Lead Technician and reviewed samples of incoming and outgoing delivery notes, invoices, supplier contracts, supplier list, annual volume summary, organization credit accounts, policies and other records.

The auditor checked that the GPS coordinates for the sampled delivery of inputs correlates with the delivery note. The auditor also checked how the organization is checking the weight (and moisture) of the physical deliveries against the delivery notes.

The closing meeting was conducted on 27 November 2020 in the afternoon with all above mentioned people and the organization director. Findings of the audit were briefly presented.

### ***Short-notice audit to viscose mill 2 (South Pacific Viscose)***

SPV was notified on 9 December 2019 that they would be subject to a short notice audit. The audit was carried out on 10 December 2019. During the opening meeting, audit process and information regarding confidentiality and conflict of interest were explained and audit plan was discussed.

The auditor interviewed PT South Pacific Viscose's (SPV) FSC CoC team and reviewed samples of incoming and outgoing delivery notes, invoices, supplier contracts, supplier list, annual volume summary, organization credit accounts, policies and other records.

After document review, auditor team then toured to the organization facility of Pulp receiving/storage in Viscose and Logistic Department include with production line. In combination with review documents and visit the organization's facilities, the auditor interviewed the staff from various department such as from warehouse, production, management representative, etc. The closing meeting was conducted after the factory visit with all above mentioned people and the organization director. Initial findings of the audit were presented.

## **4. EVALUATION RESULT**

### **4.1 Evaluation Conclusion**

During the month of May, November and December 2019, NEPCon conducted an independent third-party verification audit of the progress made by Lenzing AG in implementing the commitment of the Lenzing Wood and Pulp Policy to document the risk of sourcing from the world's ancient and endangered forests and other controversial areas, as well as additional related sustainability solutions and targets of the CanopyStyle Initiative.

NEPCon verification audit reports that Lenzing progress to meet these commitments varies. This report documents the progressive and critical indicators (key performance indicators or KPIs) that have been fully met, those that are in partial conformance and those that are not in conformance and specifies why. Lenzing AG is expected to immediately address the critical KPIs that have not been met or that are partially met and make progress on the "progressive" KPIs over time.

In summary, NEPCon verification audit provides evidence confirming that Lenzing AG is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. Some challenges remain to fully implement the commitment throughout the organization's supply chain. Additional work is required to fully meet all the critical and progressive criteria, and to continue to

lower the risk of sourcing from ancient and endangered forests and other controversial sources.

Via its list of suppliers, Lenzing has assessed the sourcing regions in Central Europe, South Africa and North America against best available information.

Based on the “CanopyStyle Verification Audit Advice Note on Ancient and Endangered Forest Sourcing” prioritization and focus is on areas of Ancient and Endangered Forests highlighted within over 200 brands, retailers and producers CanopyStyle policies which refer to the following priority Ancient and Endangered Forest landscapes: Canadian and Russian Boreal Forests; Coastal Temperate Rainforests; tropical forests and peatlands of Indonesia, the Amazon and West Africa. The Advice Note clarifies the use and importance of Intact Forest Landscapes within ForestMapper, and is guided by CanopyStyle policy commitments to source from plantations established prior to 1994 and preference for FSC.

Based on Lenzing’s sourcing information, it is confirmed that:

- there is no overlay from priority area of Ancient and Endangered Forests,
- there is no overlay from an area that is intact as defined by ForestMapper,
- there is no overlay from a plantation established after 1994 in an area of ancient and endangered forests, or if it is, it is certified to the FSC Forest Management Standard or controlled via FSC’s Controlled Wood Standard.

Continued efforts are recommended to increase sourcing of wood material that is FSC certified.

## 4.2 Summary of findings

| Rating                             | Color  |
|------------------------------------|--------|
| Not Applicable                     | Grey   |
| Commitment Met                     | Green  |
| Commitment in Progress             | Yellow |
| Commitment Not Met                 | Red    |
| Insufficient Information Available | Grey   |

| Key Commitment  | Performance Indicators   | Rating |
|---|--|--------|
| 1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy | 1.1 Senior executive and key managers make a publically available commitment to full implementation of the forest sourcing policy **   | Green  |
|   | 1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy with input from and agreement of civil society stakeholders. **. Currently, Lenzing AG guideline is being prepared. | Yellow |
|   | 1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **   | Green  |
|   | 1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.   | Green  |

|   |   |  |
|---|---|--|
|   | 1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **  |  |
|   | 1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **   |  |
|   | 1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **   |  |
|   | 1.8 The MMCF producer has put in place a transparent/public grievance procedure with the input and agreement of civil society stakeholders  |  |
|   | 1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **   |  |
|   | 1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **  |  |
|   | 1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **   |  |
| 2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy        | 2.1 An assessment of the MMCF producer supply chain has been completed globally and shared with Leaders Group. This assessment will be updated every year and shared with the Leaders Group. **   |  |
|   | 2.2 The assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.   |  |
|   | 2.3 A risk assessment has been done with the information and shared with Leaders Group.   |  |
|   | 2.4 This supply chain assessment has been presented to the Leaders Group and stakeholders, allowing for questions to be answered and information gaps to be highlighted.  |  |
|   | 2.5 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textile retailers.   |  |
| 3. No conversion of natural forest to plantations   | 3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate. **  |  |
| 4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated | 4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered forests", "intact forest", "natural forest", "endangered species", "controversial sources", "high conservation value", "high carbon area", "peatlands", etc. that are consistent with this document and the forest sourcing policy template. ** |  |
|   | 4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Leaders Group. **   |  |
|   | 4.3 Any raw materials in the MMCF producer's supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills. **  |  |
|   | 4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no   |  |

|   |  |  |
|---|--|--|
|   | evidence of non-compliance, with local, national or international laws. **   |  |
|   | 4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **   |  |
| 5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them                                   | 5.1 All MMCF producers' suppliers are identified and the forest of origin is known. **   |  |
|   | 5.2 The MMCF producer has developed procedures for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. **<br>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)  |  |
|   | 5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **   |  |
| 6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.   | 6.1 Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process. **  |  |
|   | 6.2 Large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **  |  |
|   | 6.3 If sourcing from controversial areas, with records of conflict and human rights violation, an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. ** |  |
|   | 6.4 The MMCF producer has developed a management plan that identifies measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOS. **  |  |
|   | 6.5 The MMCF producer has developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free Prior and Informed Consent. **  |  |
| 7. The MMCF producer shall recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies | 7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. **  |  |
|   | 7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **  |  |
|   | 7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner  |  |

|  |  |  |
|--|--|--|
|  | that is mutually agreed by the parties and includes relevant stakeholders.   |  |
|  | 7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers   |  |
|  | 7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.  |  |
|  | 7.6 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations. **   |  |
| 8. Development of Innovative and Alternative Fiber   | 8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers. ** |  |
|  | 8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.   |  |
| 9. Voluntary advocacy for conservation solutions   | 9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim protect remaining ancient and endangered forests. **  |  |
|  | 9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions that have the Free, Prior and Informed Consent of affected indigenous and local communities. **  |  |
|  | 9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.  |  |
|  | 9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs. **   |  |
| 10. Responsible forest management  | 10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake. **  |  |
| 11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses | 11.1 The MMCF producer has developed and implemented procedures to evaluate their suppliers' performance in reducing GHG.  |  |
|  | 11.2 The MMCF producer can document giving preference to suppliers that have identified and adopted management measures to protect forested peatland at the concession and landscape level (peat dome) and that have identified, withdrawn from and restored peatlands and their hydrology. **                   |  |
| 12. Pollution Prevention   | 12.1 * This verification process <u>will not</u> address the pulp and viscose manufacturing process which can  |  |

|  |  |  |
|--|--|--|
|  | <p>lead to air and water emissions that impact overall environmental quality.</p> <p>However, it will be noted when MMCF producers invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process). The indicators will be the number of mills using such cleaner processes and the % of overall volumes produced with such technology. This information will be treated and framed as additional bonus performance by the MMCF producer.</p> |  |
|--|--|--|

### 4.3 Volume Summaries

| Category             | Explanation  | Volume       | % Overall** |
|----------------------|--|--------------|-------------|
| FSC Controlled Wood  | Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)                         | Confidential | <b>34</b>   |
| Controlled material* | Noncertified material controlled by the company's FSC Due Diligence System   | Confidential | <b>0.1</b>  |
| FSC Mix              | Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company                            | Confidential | <b>42.5</b> |
| FSC 100%             | Material received with an FSC 100% claim from an FSC certified company (FM or COC).                                      | Confidential | -           |
| Non-FSC              | Material received with no FSC claim.   | Confidential | -           |
| PEFC                 | Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting) | Confidential | <b>23.3</b> |

\*It is about PEFC Controlled Source Pulp, supplied for Lenzing R&D (Research and Development) Department, not used for regular production.

\*\*The missing 0,1 % covers non certified wood used for R&D purpose. It was submitted to a due diligence process according to Lenzing wood & pulp sourcing policy. In addition, it also covers cotton-based cellulose from garment waste which was use for TENCEL™ fibre with REFIBRA™ technology.

## Appendix A: STANDARD CHECKLIST (CanopyStyle Verification Framework – Corporate Sourcing)

### 1. Evaluation of Participating site: Participating site: Lenzing AG

|   |  |
|---|--|
| <b>Primary Responsible Person:</b><br>(Responsible for control system at site(s)) | Head of Corporate Sustainability   |
| <b>Auditor(s):</b>  | Alexandru Orban  |
| <b>People Interviewed, Titles:</b>  | Head of Corporate Sustainability<br>Director Wood Procurement<br>Technical Customer Service Pulp<br>Wood Procurement - Certification Specialist<br>Group Product Safety & Regulatory Affairs Manager<br>Group Product Safety & Regulatory Affairs Manager<br>Sustainability Systems & Coordination |
| <b>Brief Overview of Audit Process for this Location:</b>                         | <i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>   |
| <b>Comments:</b> N/A  |  |

### 2. Standard Checklist

| 1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy   |  |
|---|--|
| Indicators  | Findings   |
| 1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy.**                                      | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>                     Policy is public and readily available on the organization website.<br/>                     The organization has made updates to its policy in May 2018 and can be found at:<br/> <a href="https://www.lenzing.com/index.php?type=88245&amp;tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/04_Nachhaltigkeit/Richtlinien_u_Kodizen/EN/Wood_Pulp_Policy_EN.pdf">https://www.lenzing.com/index.php?type=88245&amp;tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/04_Nachhaltigkeit/Richtlinien_u_Kodizen/EN/Wood_Pulp_Policy_EN.pdf</a><br/>                     CEO and key staff of purchasing, compliance and sustainability are aware and implementing the policy.</p> |
| 1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy with input from and agreement of civil society stakeholders.** | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress</p>  |

|   |  |
|---|--|
|   | <input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>The organization has prepared the draft version of standard operating procedures for CanopyStyle, valid from 18 April 2019 which still needs to be further developed.  |
| 1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**         | <b>Conformance with Indicator:</b><br><input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>Key personnel are defined in the CanopyStyle Procedure. Acknowledgement from key staff that they have read and understand the policy has been shown during the audit.  |
| 1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.    | <b>Conformance with Indicator:</b><br><input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>Auditor was provided with organisational charts that describe who is responsible for what. Lenzing has shown a very professional structure, in line with the type of the activity. There are clearly defined departments for sustainability, purchasing, research & development, regulatory affairs, related with CanopyStyle. Each chief of the relevant department presented during the audit. |
| 1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.** | <b>Conformance with Indicator:</b><br><input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>Lenzing strives to establish long-term partnerships with its wood and dissolving wood pulp suppliers, and seeks to do business personally and directly with forest owners and dissolving wood pulp mills.<br>As it is stated in Wood and Pulp Policy, Lenzing is committed to procure wood and dissolving wood pulp exclusively from non-controversial sources.                                  |



|  |   |
|--|---|
|  | <p>Wood and Pulp Sourcing Policy and Supplier Code of Conduct are available online on the website and communicated with the suppliers. Lenzing strives to implement the sourcing policy by a strong communication with its suppliers, including onsite visits. To increase the importance of the sourcing policy, Lenzing requirement is regulated by the purchasing agreement.</p>   |
| <p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers.**</p>        | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Wood and Pulp Sourcing Policy and Supplier Code of Conduct are enforced back through the supply chain by the sourcing contract between Lenzing and supplier.</p>   |
| <p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>                        | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> In the case of wood and dissolving wood pulp procurement, Lenzing relies on the wood certification schemes i.e. Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification Schemes (PEFC) for supplier sustainability management.</p> <p>Regular risk-assessments, audits, and on-site visits, as well as independent third-party certification of sustainable forest management programs ensure compliance with the policy.</p> |
| <p>1.8 The MMCF producer has put in place a transparent/public grievance procedure with the input and agreement of civil society stakeholders.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing can receive inputs from civil society stakeholders via the contact details provided on its website <a href="https://www.lenzing.com/contact/">https://www.lenzing.com/contact/</a>. While Lenzing has a grievance process based on their CoC document requirement, there is not in</p>   |

|   |   |
|---|---|
|   | <p>place a transparent/public grievance procedure to input concerns on forest management and sourcing practices of civil society stakeholders.</p>  |
| <p>1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Currently, Lenzing is setting up a new action management system for audits, non-conformances and grievances. Therefore, there is no action management plan available yet. As of May 20, 2020, Lenzing indicates that an action plan is in place. The action plan will be evaluated for conformance with the indicator at the next audit.</p>   |
| <p>1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing is centralized and the tasks are all performed from the Lenzing Austria site, either by the wood procurement department or by PTG. Pulp Trading GmbH is a 100% subsidiary of Lenzing AG and responsible for the pulp procurement for all Lenzing Group fiber sites.</p> <p>Production sites were visited as a part of short notice audit and the commitment was not fully met.</p> |
| <p>1.11 Each production site manager has developed procedures to implement the Policy, when relevant.**</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> See 1.10. Production sites were visited as a part of short notice audit and the commitment was not fully met.</p>  |
| <p><b>Summary:</b> Lenzing is developing the SOP with CanopyStyle requirements. Good progress was made with updating the Wood and Pulp Sourcing Policy and Supplier Code of Conduct regarding the CanopyStyle Initiative. The implementation and monitoring of CanopyStyle requirements need to</p> |   |

be better combined with the sustainable sourcing procedures. Lenzing is still looking for the best transparent/public grievance procedure with the input and agreement of civil society stakeholders beside the standard communication procedure available on website. As of May 20, 2020, Lenzing indicates that an action plan is in place. The action plan will be evaluated for conformance with the indicator at the next audit.

**2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy**

| Indicators  | Findings   |
|---|--|
| <p>2.1 An assessment of the MMCF producer supply chain has been completed globally and shared with Leaders Group. This assessment will be updated every year and shared with the Leaders Group.**</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing keeps a good traceability system for the supply chain. The assessment of the internal pulp suppliers is done by internal auditing procedure. External pulp suppliers were also visited. Organization still needs to develop a formal assessment procedure of the supply chain globally specific to the requirements of the CanopyStyle Initiative.</p>  |
| <p>2.2 The assessment identifies all suppliers in the chain beginning at the forest or plantation of origin, that supply the MMCF mills.</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The organization knows all countries of origin of the mills and the forests and most of the exact locations of the FMUs.</p> <p>However, it is a Canopy expectation that Lenzing develops a risk assessment based on forest of origin information collected, overlays with the Forest Mapper and other guidance tools, to assess the risk of sourcing from key areas of Ancient and Endangered forests and shares the results with Canopy and the auditors.</p> |
| <p>2.3 A risk assessment has been done with the information and shared with Leaders Group.</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p>  |

|   |  |
|---|--|
|   | <p>The organization has done risk assessments against controversial sources for all their sources, resulting in a low risk conclusion, based on the fact that all wood origin is FSC certified, at least FSC Controlled Wood.</p> <p>A preliminary risk assessment regarding sourcing from ancient and endangered forests was done by assessing sourcing regions using ForestMapper. There is no documented risk assessment provided at the time of the audit. An evaluation of a documented risk assessment that has been shared with Canopy and the leaders group will be evaluated at the next audit.</p>   |
| <p>2.4 This supply chain assessment has been presented to the Leaders Group and stakeholders, allowing for questions to be answered and information gaps to be highlighted.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input checked="" type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The organization participates in meetings with the Leaders Group, however, consultation of the Leaders Group and stakeholders regarding the supply chain risk assessment has not occurred.</p>  |
| <p>2.5 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Information about suppliers is published for public review along with FSC and PEFC certification systems that provide a reliable product tracking system, which is a way for Lenzing to provide their customers with supply chain information.<br/> Lenzing is interested to support and facilitate a clear track and trace system for the viscose/textile supply chain, to pull this tracking information all the way to finished products, for full traceability.</p> |
| <p><b>Summary:</b><br/> Commitment in progress: 2.1; 2.2; 2.3; 2.4; Commitment met 2.5<br/> Lenzing has a strong traceability system for the supply chain of the pulp production, back to the forest level. The risk assessment procedure relies on FSC and PEFC system which needs to be updated to include ancient and endangered forests (using the ForestMapper and other guidance tools). The procedure regarding consultations on the Risk assessments shall be implemented with the Leaders Group and relevant stakeholders.<br/> There is no documented risk assessment provided at the time of the audit. An evaluation of a documented risk assessment that has been shared with Canopy and the leaders group will be evaluated at the next audit.<br/> Forest of Origin information and internal risk assessment received by Canopy will be treated as sensitive business information.</p> |  |

### 3. No conversion of natural forest to plantations

| Indicators  | Findings   |
|---|--|
| <p>3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting FSC certificate.**</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>Lenzing does not source from natural forests, only from semi-natural forest and plantations. Lenzing has identified having suppliers sourcing from plantation FSC Controlled Wood certified (for the FSC MIX claim received). As only the FSC 100% claim can fulfil the requirement, Lenzing needs to develop and implement a procedure with the suppliers to identify the initial date of the plantation and avoid plantation post 1994 non FSC 100% certified. Controlled Wood for Forest Enterprises standard does not guarantee that there has been no conversion after 1994.</p> <p>Information provided by the suppliers to be verified by Lenzing.</p> |
| <p><b>Summary:</b><br/>           Commitment in progress: 3.1;<br/>           The minimum requirement for the wood and pulp purchased by Lenzing of FSC Controlled Wood claim Lenzing to develop and implement a verification procedure with the suppliers to identify the initial date of the plantation whereby avoiding plantation post 1994 non FSC 100% certified.</p> |  |

### 4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated

| Indicators  | Findings  |
|---|---|
| <p>4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient &amp; endangered forests," "intact forest," "natural forest," "endangered species," "controversial sources," "high conservation value," "high carbon area," "peatlands," etc. that are consistent with this document and the forest sourcing policy template.**</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>Lenzing has prepared a draft version of the CanopyStyle Procedure having definitions at chapter 2 of the terms included in their Policy, however, definition for "natural forest" are "endangered species," are missing.</p> |
| <p>4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met</p>   |

|  |  |
|--|--|
| <p>sources have been identified and shared with Leaders Group.**</p>   | <p><input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The list of suppliers shows that Lenzing does not source from controversial source.</p> <p>Canopy’s advice note on ancient and endangered forests and the classification that assess commonly used dissolving pulp manufacturers identifies no sourcing issues based on current information and/or CanopyStyle audit.</p> <p>Based on sourcing information, it is confirmed that:</p> <ul style="list-style-type: none"> <li>• there is no overlay from priority area of ancient and endangered forests,</li> <li>• there is no overlay from an area that is intact as defined by ForestMapper,</li> <li>• and that there is no overlay from a plantation established after 1994 in an area of ancient and endangered forests, or if it is, it is certified to the FSC Forest Management Standard or controlled via FSC’s Controlled Wood Standard.</li> <li>• To date Lenzing has not shared their risk assessment with Canopy.</li> </ul> |
| <p>4.3 Any raw materials in the MMCF producer’s supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p> | <p><b>Conformance with Indicator:</b><br/> <input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The list of suppliers shows that Lenzing does not source from controversial source.</p> <p>Canopy’s advice note on ancient and endangered forests and the classification that assess commonly used dissolving pulp manufacturers identifies no sourcing issues based on current information and/or CanopyStyle audit.</p> <p>Based on sourcing information, it is confirmed that:</p> <ul style="list-style-type: none"> <li>• there is no overlay from priority area of Ancient and Endangered Forests,</li> <li>• there is no overlay from an area that is intact as defined by ForestMapper, and that there is no overlay from a plantation established after 1994 in an area of ancient and endangered forests, or if it is, it is certified to the</li> </ul>  |

|   |   |
|---|---|
|   | FSC Forest Management Standard or controlled via FSC's Controlled Wood Standard..   |
| 4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing Wood and Pulp Policy of sourcing with the minimum of FSC Controlled Wood claim, demonstrates commitment to legal compliance. FSC CW system implemented by Lenzing, requires knowledge about legality framework for development of country specific risk assessment.</p>  |
| 4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> By the Wood and Pulp Policy, Lenzing is committed to avoid the use of wood and pulp containing wood sourced from regions identified as ancient and endangered forest. In case Lenzing source wood and pulp from such regions, Lenzing strives that a minimum it be certified by FSC to ensure conservation solutions that protect ancient and endangered forests. Regular risk-assessment, audits and on-site visits as well as independent third-party certification of the sustainable forest management program help to ensure the policy compliance.</p> |
| <p><b>Summary:</b><br/> Commitment in progress: 4.1; 4.2; commitment met: 4.3; 4.4; 4.5<br/> CanopyStyle Procedure prepared by Lenzing, valid from 18 April 2019 need to be developed and updated with the risk assessment procedure. To date, Lenzing has not shared their risk assessment with Canopy.<br/> Canopy's advice note on Ancient and Endangered forests and the classification that assess commonly used dissolving pulp manufacturers identifies no sourcing issues based on current information and/or CanopyStyle audit.</p> <p>Based on sourcing information, it is confirmed that:</p> <ul style="list-style-type: none"> <li>• there is no overlay from priority area of Ancient and Endangered Forests,</li> <li>• there is no overlay from an area that is intact as defined by ForestMapper,</li> <li>• and that there is no overlay from a plantation established after 1994 in an area of ancient and endangered forests, or if it is, it is certified to the FSC Forest Management Standard or controlled via FSC's Controlled Wood Standard.</li> </ul> |   |

| 5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them   |   |
|---|---|
| Indicators  | Findings  |
| 5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>           The organization knows all countries of origin of the mills and the forests, and most of the exact locations of the FMUs.<br/>           Wood and pulp suppliers list was checked during the audit.</p>  |
| 5.2 The MMCF producer has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found.**<br><br>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.) | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>           Wood and pulp sourcing policy and supplier code of conduct are enforced back to the supply chain by the sourcing contract between Lenzing and supplier.</p>  |
| 5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>           Based on the purchasing agreement and the Wood and Pulp Policy, Lenzing has the right to eliminate suppliers from the supply chain, if the general wood purchase and delivery conditions are broken. There was no such situation documented.</p> |
| <b>Summary:</b> Lenzing shows a good documented procedure regarding the general wood purchase and delivery conditions, including the Wood and Pulp Policy, Supplier Code of Conduct and purchasing agreement requirements.  |   |

| 6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation. |          |
|---|----------|
| Indicators  | Findings |
|   |          |



|   |   |
|---|---|
| <p>6.1 Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process.**</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Stakeholders were not formally invited to this verification process, however Lenzing is agreeable to having observers. Lenzing is in constant dialogue with individual members of the Leaders Group and is open to share information regarding the verification process with them.</p>   |
| <p>6.2 Large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection has been completed, based on best available science, by a credible third party, and made public.**</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing relies on FSC certificate holders to meet the conservation and HCV standards. The FSC HCV assessments and conservation planning are completed for those areas under forest management certification. However large scale conservation planning (at the landscape level) is not part of an FSC evaluation.<br/> The FSC's HCV assessment does not include a High Carbon Value assessment.</p> |
| <p>6.3 If sourcing from controversial areas with records of conflict and human rights violation, an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public.**</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing wood and pulp sourcing policy is to request at least FSC Controlled Wood certificate for its suppliers. The FSC Controlled Wood certification requirements are used as mitigation measure to ensure that wood is not sourced from controversial sources.</p>   |
| <p>6.4 The MMCF producer has developed a management plan that identifies and measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p>   |

|  |  |
|--|--|
| <p>impacted and with input from credible ENGOs.**</p>  | <p><b>Description of the finding:</b><br/>See finding in 6.2. FSC does not require High Carbon Stock (HCS) assessments and would therefore not require FPIC for those assessments</p>  |
| <p>6.5 The MMCF producer has developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>Based on the result of 6.4 assessment, Lenzing will have to develop and implement an action plan for the identified sourcing regions if indigenous peoples and local communities are affected.</p> |
| <p><b>Summary:</b><br/>Commitment in progress: 6.1; 6.2; 6.4; 6.5<br/>Lenzing relies on FSC certificate holders to meet the conservation and HCV standards. The FSC HCV assessments and conservation planning are completed for those areas under forest management certification. However large-scale conservation planning (at the landscape level) is not part of an FSC evaluation. The FSC's HCV assessment does not include a High Carbon Value assessment.<br/>Based on sourcing information, it is confirmed that:</p> <ul style="list-style-type: none"> <li>• there is no overlay from priority area of ancient and endangered forests,</li> <li>• there is no overlay from an area that is intact as defined by ForestMapper,</li> <li>• and that there is no overlay from a plantation established after 1994 in an area of ancient and endangered forests, or if there is one, it is certified to the FSC Forest Management Standard or controlled via FSC's Controlled Wood Standard.</li> </ul> |  |

| <p><b>7. The MMCF producer shall recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies.</b></p>            |  |
|---|--|
| <p><b>Indicators</b></p>  | <p><b>Findings</b></p>   |
| <p>7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>All sources for wood and pulp are at least FSC Controlled Wood certified. Suppliers who are FSC certified would be required to implement FPIC and supplies of controlled wood would have had a risk assessment applied to ensure there is low risk of violation of traditional and human rights. FSC CoC companies are also required to sign the policy for association which commits to</p> |

|   |  |
|---|--|
|   | <p>not being directly or indirectly involved in activities that are in violation of traditional and human rights in forestry operations.</p>   |
| <p>7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Suppliers in countries where FPIC is potentially an issue mainly rely on FSC certification to demonstrate compliance with this point. Those suppliers with FSC forest management certification can be considered to conform with the policy.</p>  |
| <p>7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Suppliers in countries where FPIC is potentially an issue mainly rely on FSC certification to demonstrate compliance with this point. Those suppliers that conform to FSC or PEFC or FSC CW are required to have a transparent complaints or grievance mechanism. Complaint mechanism shall be further checked within the supply chain to confirm that commitment is met.</p>   |
| <p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing has developed internal capacity and organizational structure to recognize and respect the rights of its workers. Suppliers in countries where workers rights is potentially an issue mainly rely on FSC certification to demonstrate compliance with this point. Those suppliers that conform to FSC, PEFC or FSC CW FM are required to make sure that they comply with the basic elements of the ILO. FSC CoC certified organizations companies are also required to sign the policy for association which</p> |

|  |  |
|--|--|
|  | <p>commits to not being directly or indirectly involved in violation of any of the ILO Core Conventions.</p>   |
| <p>7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>         Same as finding 7.4.</p>  |
| <p>7.6 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations.**</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>         Lenzing relies on the FSC certification status for recognition and respect for human rights among the supply chain. Publicly available audit reports can be consulted on FSC database to demonstrate conformance.</p> <p>Suppliers agree to a code of conduct to do business with Lenzing. There is no evidence that Lenzing or suppliers are avoiding or failing to resolve human rights violations.</p> |
| <p><b>Summary:</b><br/>         Commitment in progress: 7.3<br/>         Lenzing relies on the FSC certification status for recognition and respect for human rights among the supply chain. However, more actions are recommended to be implemented to demonstrate conformance, as consulting the publicly available audit reports on FSC database, checking and documenting the requirements during the supplier visit, stakeholder consultations, etc. There is no evidence that Lenzing or suppliers are avoiding or failing to resolve human rights violations.</p> |  |

| <b>8. Development of Innovative and Alternative Fiber</b>  |   |
|--|---|
| <b>Indicators</b>  | <b>Findings</b>   |
| <p>8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers.**</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>         Beside recycling of cotton waste from garments, Lenzing is evaluating alternative cellulose sources. Lenzing R&amp;D is evaluating alternative</p> |

|   |   |
|---|---|
|   | <p>raw materials like orange fibers or hemp in a structured way (PAI process and idea evaluation) and Lenzing is also cooperating with other companies to speed up the processes regarding:</p> <ul style="list-style-type: none"> <li>• Orange peels as basis for cellulose: fruit industry has a huge amount of orange peels available. Peels contain cellulose which has been tested for fiber spinning. Pulp needs further refinery to meet required pulp specification.</li> <li>• Lenzing is engaged in a project to develop hemp based TENCEL™ Lyocell fibers. It is a joint project including different partners from the textile value chain (Lenzing, yarn spinner, fabric &amp; garment maker and retail) and hemp producers.</li> </ul> |
| <p>8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing has commercial alternative fibre products in their Tencel and Refibra brands.</p>  |
| <p><b>Summary:</b><br/> Commitment met: 8.2<br/> Lenzing has developed commercial alternative fibre products.</p>   |   |

| 9. Advocacy for conservation solutions  |   |
|---|---|
| Indicators  | Findings  |
| <p>9.1 The MMCF producer has a track record of participating in events and taking actions that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests.**</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> Lenzing takes part in conferences and panels to speak to the need to address sourcing from ancient and endangered forests, encourage other peers in the industry to join the CanopyStyle Initiative and Lenzing is supporting to a large scale conservation planning.<br/> Last events with Lenzing participation; Canopy's China Summit, Innovation Forum in Amsterdam.</p> |
| <p>9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions including Free, Prior and</p>                                      | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met</p>  |

|   |   |
|---|---|
| <p>Informed Consent of affected indigenous and local communities.**</p>   | <p> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available         </p> <p><b>Description of the finding:</b></p> <ol style="list-style-type: none"> <li>1. Lenzing has been involved in two projects so far: Afforestation, training and education for sustainable community-based forest management in Albania, a three-year project (May 2019-May 2021) <a href="http://cnvp-eu.org/eng/new.php?mv=12&amp;id=1135">http://cnvp-eu.org/eng/new.php?mv=12&amp;id=1135</a></li> <li>2. One Tree Planted project to donate trees and replant the recently impacted California forests <a href="https://www.tencel.com/earth-day">https://www.tencel.com/earth-day</a></li> </ol> <p>In addition to supply chain considerations, Lenzing seeks support from global conservation organizations to ensure projects focus on priority areas to ensure biodiversity and intact forest landscapes are at the core of initiatives.</p> |
| <p>9.3 The MMCF producer publicly supports large scale scientifically based conservation solutions, international and national target(s) and programs for preserving designated protected and conservation areas including the Free, Prior and Informed Consent of affected indigenous and local communities.</p> | <p><b>Conformance with Indicator:</b></p> <p> <input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available         </p> <p><b>Description of the finding:</b></p> <p>Lenzing has been in contact with Umweltdachverband concerning a project about biodiversity. No documents yet due to early stage of the project.</p> <p>In 2018, Lenzing has engaged with decisionmakers to support a key landscape of hope in the Canadian Boreal, the Broadback Forests. <a href="https://sustainability.lenzing.com/issue-02-2018/broadback-forest-quebec/">https://sustainability.lenzing.com/issue-02-2018/broadback-forest-quebec/</a></p> <p>Lenzing has also supported Canopy's Leuser Ecosystem project.</p>   |
| <p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.**</p>  | <p><b>Conformance with Indicator:</b></p> <p> <input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available         </p> <p><b>Description of the finding:</b></p> <p>Lenzing has been in contact with Umweltdachverband concerning a project about</p>  |

|   |   |
|---|---|
|   | <p>biodiversity. No documents yet due to early stage of the project.</p> <p>Since the audit, Lenzing indicated that projects are ongoing. They will be evaluated at the next audit.</p> |
| <p><b>Summary:</b><br/>Commitment in progress: 9.2;; 9.4</p> <p>In 2018, Lenzing has engaged with decisionmakers to support a key landscape of hope in the Canadian Boreal, the Broadback Forests. <a href="https://sustainability.lenzing.com/issue-02-2018/broadback-forest-quebec/">https://sustainability.lenzing.com/issue-02-2018/broadback-forest-quebec/</a></p> <p>Lenzing has also supported Canopy's the Leuser Ecosystem project and they also initiated the Albania project in cooperation with the Austrian Development Agency.</p> |   |

| 10. Responsible forest management  |  |
|--|--|
| Indicators   | Findings   |
| 10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake.** | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/>All Lenzing sites has obtained FSC certification under a multi-site certificate.<br/>The minimum criteria for sourcing wood as pulp is FSC Controlled Wood claim.<br/>Lenzing is working towards to increase its FSC input as FSC MIX or FSC 100%.</p> |
| <p><b>Summary:</b><br/>Lenzing request for wood and pulp supplier at a minimum FSC Controlled Wood claim and is working towards to increase its FSC input as FSC MIX or FSC 100%.</p>              |  |

| 11. Reduction of Greenhouse Gas (GHG) Footprint by Recognizing the importance of forests and peatlands as carbon storehouses |   |
|--|---|
| Indicators   | Findings  |
| 11.1 The MMCF producer has developed and implemented procedures to evaluate their suppliers' performance in reducing GHG.    | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> |

|   |  |
|---|--|
|   | <p>Lenzing’s new strategy has GHG reduction as a key theme. They have started to assess the contributions of suppliers to GHG. They have a LCA that show that they have major sources of GHG emissions: fibre production chemicals and market pulp. They started asking their pulp suppliers to report on GHG since 2008. They are in a dialogue with their suppliers (they have a new supplier assessment tool that also looks into sustainability and asks questions about GHG emissions) and now they are in a more intensive dialogue, especially with their biggest Suppliers. They are also in close contact with them on the trends in the market (Lenzing is a member of the Sustainable Apparel Coalition and they share their knowledge with main suppliers about the trends in the textile industry).</p> |
| <p>11.2 The MMCF producer can document giving preference to suppliers that have identified and adopted management measures to protect forests, forested peatland at the concession and landscape level (peat dome) and identify, withdraw from and restore peatlands and their hydrology.**</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The organization exclusively sources only FSC certified material (wood and pulp), at a minimum FSC Controlled Wood which ensure the conservation of such areas.</p>   |
| <p><b>Summary:</b> Lenzing’s new strategy has GHG reduction as a key theme. Lenzing is exclusively only sourcing FSC certified material (wood and pulp), at a minimum FSC Controlled Wood which ensure the conservation of such areas.</p>  |  |

| 12. Pollution Prevention  |   |
|---|---|
| Indicators  | Findings  |
| <p>12.1 This verification process <u>will not</u> address the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality. However, it will be noted when MMCF producers invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process). The indicators will be the number of mills using such cleaner processes and the % of overall volumes produced with such technology. This information will be treated and framed as additional bonus performance by the MMCF producer.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The organization is a leader in the lyocell process, with four lyocell mills out of seven (total capacity of 222,000 tons/year). The organization’s strategy is to increase the production of TENCEL®. 100% of Lenzing group’s pulp production follows Best Available Technology and is Total Chlorine Free. In the fibre production of Lenzing group, 6 out of 7 fibre plants produce either according to the Best Available Technology for viscose as described in</p> |



|  |  |
|--|--|
|  | the EUBREF document "Polymers", or according to the inherently eco-friendly lyocell technology. This makes 68% of the overall fibre capacity of the Lenzing group. |
| <b>Summary:</b> The organization is a leader in the lyocell process, with four lyocell mills out of seven. |  |

\*\* Indicates Critical Indicators

## Appendix B: STANDARD CHECKLIST (CanopyStyle Verification Framework – Viscose Mill 1 Lenzing Biocel Paskov a.s.)

### 1. Evaluation of Site:Site: Lenzing Biocel Paskov a.s.

|   |  |
|---|--|
| <b>Primary Responsible Person:</b><br>(Responsible for control system at site(s)) | FSC and PEFC specialist  |
| <b>Auditor(s):</b>  | Michal Rezek   |
| <b>People Interviewed, Titles:</b>  | FSC and PEFC specialist<br>HR department<br>Laboratory Technologist, responsible also for quality management<br>H/S specialist |
| <b>Comments:</b>  | N/A  |

### 2. Standard Checklist

| 1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy                          |  |
|--|--|
| Indicators   | Findings   |
| 1.10 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.** | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input checked="" type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The interview showed key personnel at Lenzing Biocel Paskov were not well aware of the policy the HQ set up - Wood and Pulp Policy. The personnel were able to find it on the organization website.</p> |
| 1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**                | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p>   |

|   |   |
|---|---|
|   | <input type="checkbox"/> Commitment Met<br><input checked="" type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br><p>The site in Lenzing Biocel Paskov did not developed any special procedures in line with the organization Wood and Pulp Policy however the organization implements (with some non-conformities) its DDS system based on the requirements of FSC Controlled Wood standard FSC-STD-40-005 V3-1. From the auditor perspective the organization DDS covers all relevant requirements of the organization policy. The organization is sourcing only from Czech Republic, Slovakia and Poland, has assessed risk of mixing and risk of origin and implemented control measures including onsite audits at its suppliers and on the forest level to keep the risk low and audit concluded there is no risk of contamination of the organization supply chain with wood from other countries with ancient and endangered forests or other controversial sources.</p> |
| <p><b>Summary:</b> Key managers at Lenzing Biocel Paskov are not aware of Lenzing AG’s wood sourcing policy thus have not developed any procedures to implement the policy. The countries that the organization sources from do not contain priority areas of ancient and endangered forests as identified in the 2019 Advice Note. The organization implements a due diligence system for FSC Controlled Wood.</p> |   |

| 2. Sourcing from transparent supply chains that are in conformance with the policy.  |   |
|--|---|
| Indicators   | Findings  |
| <p>2.6 The production site/mill maintains all <u>purchase and sales</u>, documentation related to the wood fibre <u>inputs</u>. Such documentation includes an identification of the forest of origin.</p> | <p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><p><b>Description of the finding:</b><br/>           All documentation is maintained. The purchasing documentation (invoice and delivery notes) does not always allow for identification of forest of origin but in compliance with FSC CW standard; it allows to identify areas with homogenous risk designation. The organization mapped its supply chain to the level of FMUs.</p> |
| <p>2.7 The mill/production site maintains all <u>delivery documentation</u> received with the wood fibre <u>inputs</u>. Such documentation includes an identification of the forest of origin.</p>         | <p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met   |

|  |  |
|--|--|
|  | <input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>All delivery documentation is maintained. The documentation does not use the term forest of origin, but in compliance with FSC CW standard, it identifies areas with homogenous risk designation. More importantly, organization has mapped its supply chain to the level of Forest Management Units (FMUs, e.g. forest of origin) and uses GPS coordinates for tracking the transport of the pulpwood from its point of loading. The auditor checked that the GPS coordinates for sampled delivery correlates with the delivery note. The auditor also checked how is the organization checking the weight (and moisture) of the physical deliveries against the delivery notes. |
| 2.8 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation. | <b>Conformance with Indicator:</b><br><input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b> The documentation review showed that the organization requests that the certificate claims, supplier names and certificate codes are always stated on delivery notes and invoices (using the self-billing system).  |
| 2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.   | <b>Conformance with Indicator:</b><br><input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b> The organization annual volume summary was checked and crosschecked with sample of purchasing and sales documents and it summarizes annual purchases and sales to MMCF producers. The organization sell all its pulp to Pulp Trading GmbH – Lenzing AG trading organization that sells to Fibre manufacturers from Lenzing Group and others.  |
| 2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant.                             | <b>Conformance with Indicator:</b><br><input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met  |

|  |   |
|--|---|
|  | <input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b> The audit showed the delivery notes and CMR consignment notes are asked at the material reception gate and stored. It does not mostly include forest of origin (most of the suppliers does not supply directly from the forests – the supply chain has 2 to 4 tiers), however the organization has mapped its supply chain so that is able to identify the – FMU or group of FMUs. The delivery notes include certification status (the certificate code and claim) for FSC or PEFC certified material. |
| <b>Summary:</b> Lenzing Biocel Paskov has been verified during the audit to have a transparent supply chain information that is in conformance with the policy. Lenzing Biocel Paskov was able to indicate source of origins of sourced pulp wood as well as other delivery and transport documentation. |   |

| 4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.   |  |
|---|--|
| Indicators  | Findings   |
| 4.4 The production site/mill is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**  | <p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available |
| 4.5 Production site/mill understands the definitions of Ancient and Endangered forests and controversial sources. They also comply with the commitment to not procure wood from Ancient and Endangered forests and controversial sources. | <p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable<br><input type="checkbox"/> Commitment Met<br><input checked="" type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available |

|   |   |
|---|---|
|   | <p><b>Description of the finding:</b></p> <p>The interview showed the responsible people at the site did not have precise understanding of ancient and endangered forests nor had training regarding it. However, they were aware of similar concept of high conservation values as defined by FSC.</p>   |
| <p>4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The audit showed the organization responsible staff was aware that the sourcing countries Poland and Slovakia do not host ancient, endangered and other controversial forests. A 2019 Advice Note indicates that the Czech Republic does not have priority ancient and endangered forests.</p>   |
| <p>4.7 The sourcing from regions that contain Ancient and Endangered forests and other controversial sources is verified to low risk by this CanopyStyle audit.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The audit that included detailed check of tens of sampled purchasing delivery notes showed the organization sources pulpwood from Poland, Slovakia, Czech Rep. and chips from Czech Rep.</p> <p>Due to the situation of enormous bark beetle calamity and availability of huge amount of pulpwood in the Central Europe the organization generally sources much more from very close to the organization than it has few years before.</p> <p>Lenzing AG as the head organization conducted internal audit to all of its suppliers and notified its each mill if there is a case of high risk. Lenzing AG internal audit indicates Lenzing AG verification to suppliers to meet all of its wood sourcing policy.</p> |
| <p><b>Summary:</b> Regardless Lenzing Biocel Paskov staffs do not understand about the definitions of ancient and endangered forests and controversial sources, it has a proper system to make sure not</p> |   |

source from ancient and endangered forests nor controversial sources. The audit showed that in practice Lenzing Biocel Paskov complies with the commitment to not procure wood from ancient and endangered forests and controversial sources.

### 5. Actions if suppliers contravene criteria

| Indicators   | Findings   |
|--|--|
| <p>5.4 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The organization has a system of management of its suppliers that is based on its FSC CW DDS. It does not specifically refer to CanopyStyle policy. The only sanction is removal of the supplier or cancellation of deliveries from that supplier in case it is not in compliance with organization DDS for individual countries (Czech Republic, Slovakia and Poland) standard and/or does not inform the organization about change in its sourcing area.</p> |
| <p><b>Summary:</b></p>   |  |

### 7. Recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies.

| Indicators   | Findings   |
|--|--|
| <p>7.1 The production site/mill has developed and adopts a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**</p>      | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The organization is FSC CW certified and has signed FSC self-declaration on Policy for Association. The requirements are also included in the organization Wood and Pulp Policy.</p> |
| <p>7.2 The production site/mill document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p>  |

|  |  |
|--|--|
|  | <p><b>Description of the finding:</b> No such document exist, generally human rights and rights of workers are recognised and respected as the facility tour and the interview with HR staff and other organization staff showed. First Nations rights are non-applicable in case of this site in the Czech Republic. There is no evidence the community rights are violated by the organization.</p>  |
| <p>7.3 The production site/mills show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</p>                  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The organization has a complaint resolution system that covers the complaints from stakeholders regarding the FSC CoC and FSC CW systems in line with FSC CoC and FSC CW standard.</p> <p>The organization also presented system for handling complaints from its staff. Workers can complain anonymously in the box put in the organization reception or use other transparent mechanisms. It has been developed by the organization and it does not specifically mention any mutual agreement by the parties and inclusion of relevant stakeholders.</p> |
| <p>7.4 The production site/mill and its suppliers have developed internal capacity and Company structure to recognize and respect the rights of its workers.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The organization has such capacity – e.g. HR department employs several staffs and can handle that and there is no evidence of not respecting the rights of its workers.</p> <p>The auditor was not able to find any information about capacity of organization suppliers.</p>   |
| <p>7.5 The production site/mill has developed procedures to ensure commitment to the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p>  |

|  |  |
|--|--|
|  | <p><b>Description of the finding:</b> The audit showed ILO conventions are met in the organization but organization does not require such commitment from their suppliers besides its FSC CW program where for sourcing from Slovakia and Poland the organization has to mitigate the risks related to discrimination of Roma people at the workplace (in Slovakia) and free access to trade unions (in Poland).</p> <p>The organization's workers can join two Unions working in the organization - Nezávislá odborová organizace and ZO OS ECHO Lenzing Biocel Paskov.</p> <p>192 out of 403 employees are members of the Unions.</p> <p>Benefits to workers are given according to Czech Labor act. and organization benefits policy.</p> <p>The organization also set their commitment to ILO Conventions in the FSC self-declaration.</p> |
| <p>7.6 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The audit did not show evidence for non-compliance. The interviews with workers did not bring any information about the disrespect to human rights or social conflicts (that would be unresolved).</p>   |
| <p><b>Summary:</b> The audit verifies Lenzing Biocel Paskov commitment to human rights for its workers and aligned with ILO Declaration on Fundamental Principles and Rights at Work. However, there was no detail information whether similar system applied for all of its suppliers' workers.</p> |  |



# Appendix C: STANDARD CHECKLIST (CanopyStyle Verification Framework – Viscose Mill 2 South Pacific Viscose)

## 1. Evaluation of Participating site: Participating site: PT South Pacific Viscose

|   |  |
|---|--|
| <b>Primary Responsible Person:</b><br>(Responsible for control system at site(s)) | Quality Control Manager  |
| <b>Auditor(s):</b>  | Randy Perdana (Lead Auditor)   |
| <b>People Interviewed, Titles:</b>  | Quality Control Manager, Logistic Manager, Technical Director, Health & Safety, head Viscose Production Department head. |
| <b>Comments:</b>  | None   |

## 2. Standard Checklist

| 1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy                          |   |
|--|---|
| Indicators   | Findings  |
| 1.10 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.** | <p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available  |
|  | <p><b>Description of the finding:</b><br/>           PT South Pacific Viscose (SPV) has established and made public the policy via website and internal procedure (Wood and Pulp Policy), integrated to its head office, Lenzing AG which also had undergone CanopyStyle Initiative audit. The organization sets up a regular training for relevant staff related to this commitment and regularly updated the staff when changes occur. All key managers (based on people interviewed) are aware of the policy and able to demonstrate implementation of the policy.</p> |
| 1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**                | <p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable<br><input checked="" type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress  |

|   |  |
|---|--|
|   | <input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>The production site has integrated procedure from Lenzing AG head office to implement the policy. During site visit, all interviewed staff followed the procedure that has been developed, and followed the direction of manager and supervisor. |
| <b>Summary:</b> The organization has sufficient communication and publication of the policy and implementing it in the organization's daily activities. |  |

| 2. Sourcing from transparent supply chains that are in conformance with the policy.   |  |
|---|--|
| Indicators  | Findings   |
| 2.6 The production site/mill maintains all <u>purchase and sales</u> , documentation related to the wood fiber <u>inputs</u> . Such documentation includes an identification of the forest of origin. | <b>Conformance with Indicator:</b><br><input checked="" type="checkbox"/> Not Applicable<br><input type="checkbox"/> Commitment Met<br><input type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>During site visit and interview session, SPV explained that PTG has the overall responsibility and authority to make purchasing decisions (include identification of the forest of origin) and SPV does not have responsibility for this process. SPV is only checking supplier documents and monitoring compliance based on FSC requirements. Lenzing AG head office is managing the internal audit and monitoring to PTG to make sure compliance of the policy.  |
| 2.7 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u> . Such documentation includes an identification of the forest of origin.          | <b>Conformance with Indicator:</b><br><input type="checkbox"/> Not Applicable<br><input type="checkbox"/> Commitment Met<br><input checked="" type="checkbox"/> Commitment in Progress<br><input type="checkbox"/> Commitment Not Met<br><input type="checkbox"/> Insufficient Information Available<br><br><b>Description of the finding:</b><br>SPV has managed the records and check purchased documents which contains information about supplier name, quantity, material categories. However, all the purchasing process is maintained directly by PTG, then all the documents are not included with identification of the forest of origin. Auditor took samples, checked the traceability process of raw material via SAP system, and compared the material during site visit to factory/warehouse area. All the information such as quantity, volume, material products has been verified in the field. |

|   |   |
|---|---|
| <p>2.8 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The auditor has taken several samples for the previous 1 year period and they indicated that all materials received from suppliers contain information about the FSC certificate code, FSC claim/material categories (FSC Mix).</p>  |
| <p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</p>   | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> SPV has managed annual summaries via a Credit Account in the 1 year's period. Information about FSC material consumption, conversion factors, credit earned, fiber sold and credit balance has been indicated. Auditor has taken a sample of documents for the traceability process and checked it via the SAP system which has applicable information for each job order process that can be traced back.</p> |
| <p>2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input checked="" type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> All the purchasing/supplier documents do not provide information on forest of origin. The information was contained in the Supplier List, which indicated origin countries.</p>  |
| <p><b>Summary:</b> PTG has the overall responsibility and authority to make purchasing decisions, therefore information about identification forest of origin is not indicated in each of the documents the SPV receives. SPV has access to the Supplier List, which contains information about origin countries. SPV is FSC certified therefore all purchased materials complies with FSC requirements such as FSC claim and FSC certificate code.</p> |   |

**4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.**

| Indicators   | Findings  |
|--|---|
| <p>4.4 The production site/mill is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The organisation is aware and managed environment control (AMDAL) based on Indonesia regulation which is conducted every 6 months evaluation. SPV also has completed other national and local permits such as</p> <ul style="list-style-type: none"> <li>• Business License (267/DJAI/IUT-III/PMA/VII/ 1988)</li> <li>• Organization Registration 10.09.12000329</li> <li>• Deed of Incorporation No. 71, 14 January 1978</li> </ul> |
| <p>4.5 Production site/mill understands the definitions of Ancient and Endangered forests and controversial sources. They also comply with the commitment to not receive wood from Ancient and Endangered forests and controversial sources.</p> | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input checked="" type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> During interview session, the key manager and staff are aware about ancient and endangered forest and controversial source and are committed not to receive from such source. Procedure/statement letter has been made in Wood Policy internal guidance.</p>   |
| <p>4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.</p>  | <p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> The purchasing process is managed by PTG, therefore risk assessment for sourcing material is not applicable to this mill.</p>  |
| <p>4.7 The sourcing from regions that contain Ancient and Endangered forests and other controversial sources is verified to low risk by this CanopyStyle audit.</p>  | <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input checked="" type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p>   |

|   |   |
|---|---|
|   | <p><b>Description of the finding:</b><br/> The purchasing process is managed by PTG, therefore information about sourcing material is not applicable to this mill.<br/> Based on the result of site visit and SPV is not responsible for sourcing process and the material inputs have been verified as only containing what PTG purchases and is consistent with the list of suppliers provided by PTG, therefore this can be confirmed as low risk.</p> |
| <p><b>Summary:</b> SPV does not have any responsibility for sourcing material because all the process is managed directly by PTG. However, the organisation is aware of the environment control standard (AMDAL) based on Indonesia regulation.</p> |   |

| 5. Actions if suppliers contravene criteria  |  |
|--|--|
| Indicators   | Findings   |
| <p>5.4 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.</p> | <p><b>Conformance with Indicator:</b><br/> <input checked="" type="checkbox"/> Not Applicable<br/> <input type="checkbox"/> Commitment Met<br/> <input type="checkbox"/> Commitment in Progress<br/> <input type="checkbox"/> Commitment Not Met<br/> <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b><br/> During inspection and interview with key managers, SPV does not have the authority to initiate a supplier monitoring program because all that process is managed by the Central Office which is connected directly with PTG as the main supplier.</p> |
| <p><b>Summary:</b> SPV's supplier monitoring program is handled by its head office, Lenzing AG. So far, there is no notification from the head office that suppliers to PT South Pacific Viscose are in non-conformance.</p>   |  |