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Date October 6, 2020

Second independent audit of Lenzing's raw material sourcing re-affirms 'low-risk' status

Sbtl.: Audit confirms low risk of sourcing wood from key priority Ancient and Endangered Forests or other controversial sources.

Lenzing (Austria), New York, and Vancouver – October 6, 2020: Today, environmental not-for-profit organization Canopy and third-party auditor NEPCon released the independent audit results of Lenzing AG's pulp sourcing. The audit of the company that creates products such TENCEL™ Viscose, TENCEL™ Modal, TENCEL™ Lyocell, and TENCEL™ Lyocell fibers with REFIBRA™ technology, confirms the industry-leading rating of low risk of sourcing wood from Ancient and Endangered Forests or other controversial sources.

In total, Lenzing has seven production sites, and all their pulp sourcing is done by Lenzing's trading company that sources more than 60 percent of the required pulp from internal production in Austria and the Czech Republic, and the remaining rest from the global market.

The audit confirms low risk of sourcing wood from key priority Ancient and Endangered Forests or other controversial sources. In addition to a comprehensive review of the company's standard operating procedure for policy implementation and raw materials sourcing, the audit included two short-notice surprise visits to the Biocel Paskov mill in the Czech Republic, and the South Pacific Viscose mill in Indonesia.

"A warm congratulations to Lenzing for achieving "low risk" status yet again in their second CanopyStyle Audit," said Nicole Rycroft, Canopy's Executive Director. "This is a testament to their leadership in meeting their CanopyStyle commitments and a solid foundation as they work to ramp up integration of Next Generation Solutions and advances in forest conservation."







"It is a key strategic decision for Lenzing to maintain a continuous dialogue with Canopy, to constantly improve sustainable sourcing practices, to be independently verified and to contribute to global forest conservation," said Stefan Doboczky, CEO of the Lenzing Group.

"NEPCon is pleased to be the independent auditing body for the CanopyStyle initiative, contributing to the conservation of Ancient and Endangered forests," stated Jon Jickling, Director of NEPCon Solutions. "We are pleased to evaluate and document the long-term efforts of company's such as Lenzing, who have demonstrated a strong commitment to the CanopyStyle audit and responsible sourcing practices."

Key findings of the audit include:

- Current Lenzing fiber supply chains are confirmed as low risk of sourcing from priority Ancient and Endangered Forests or other controversial sources.
- Lenzing has conducted a comprehensive and transparent supply chain mapping of all dissolving wood pulp manufacturers.
- The company is using its influence to positively impact conservation solutions and commercial-scale production of cellulosic fiber made from alternative fiber sources

Moving forward, Canopy recommends that Lenzing:

- Educate key managers at each dissolving pulp production site about Lenzing's corporate commitment to
 eliminate sourcing from Ancient and Endangered Forests and other controversial sources, and the
 importance of building distinct standard operating procedures that are complementary to FSC certification¹.
- Significantly and quickly scale up the use of Next Generation alternative fibers and act on the public commitment and timeline to launch a product line with a minimum of 50% of these fibers.
- Continue to use guidance documents such as Forest Mapper, the advice note on Ancient and Endangered
 Forests, and the Dissolving Pulp Classification to complete and share a risk assessment for all fiber supply
 inputs.
- Continue to implement the company's FSC® preference by increasing the amount of FSC®-certified fiber used, with a focus on fiber derived from FSC® certified forests (FSC® 100%).

This audit reflects a snapshot in time, and is a learning opportunity in the spirit of continuous improvement. These results will contribute to the 2020 edition of the <u>Hot Button Ranking.</u>

The public report from Lenzing's audit evaluation is available for download here:

https://www.nepcon.org/canopystyle

https://www.lenzing.com/download-center/filter1/sustainability

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¹ License code: FSC-C041246







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About the Lenzing Group

The Lenzing Group stands for ecologically responsible production of specialty fibers made from the renewable raw material wood. As an innovation leader, Lenzing is a partner of global textile and nonwoven manufacturers and drives many new technological developments.

The Lenzing Group's high-quality fibers form the basis for a variety of textile applications ranging from elegant ladies clothing to versatile denims and high-performance sports clothing. Due to their consistent high quality, their biodegradability and compostability Lenzing fibers are also highly suitable for hygiene products and agricultural applications.

The business model of the Lenzing Group goes far beyond that of a traditional fiber producer. Together with its customers and partners, Lenzing develops innovative products along the value chain, creating added value for consumers. The Lenzing Group strives for the efficient utilization and processing of all raw materials and offers solutions to help redirect the textile sector towards a closed-loop economy.

Key Facts & Figures Lenzing Group 2019

Revenue: EUR 2.11 bn

Nameplate capacity: 1,045,000 tons

Employees: 7,036

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NEPCon

NEPCon is an international, non-profit organisation working to support better land management and business practices that benefit people, nature and the climate. For 25 years, we have worked with businesses, smallholders, non-profit organisations and governments on developing solutions to major global challenges such as deforestation and climate change. We focus on forest and climate impact commodities and related sectors. Through a well-developed network of local representatives and contractors, NEPCon offers timely and cost-effective certification services around the world. Our focus on mission and impact differentiates our services and strengthens our credibility. www.nepcon.org

Canopy

Canopy is an international not-for-profit environmental organization dedicated to protecting our forests, species and climate. Canopy collaborates with more than 750 companies to develop innovative solutions, to make their fiber supply chains more sustainable, and to help protect our world's remaining Ancient and Endangered Forests. Canopy's partners include H&M, Sprint, Target, Amazon, Penguin Random House, Zara, TC Transcontinental, and Scholastic. Canopy's work relies on the support of individual donors who share our passion for the planet. www.canopyplanet.org