



CanopyStyle Audit Report for Lenzing AG

Annual audit 2022

Evaluation date: 16.5., 16.6., 29.7 in 2022

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INTRODUCTION

Preferred by Nature (former name: 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. Around 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, Preferred by Nature 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 “Company”, against the requirements of the Verification Framework and Guidelines, (September 2020 version¹) and related guidance documents² developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)³ and the 500 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 Preferred by Nature auditors who have evaluated company systems and performance against the applicable standard(s). 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 company to assess the level of risk, as well as further guidance document such as the Dissolving Pulp Classification Tool and the Advice Note on Ancient and Endangered Forests⁴.

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

¹ <https://canopyplanet.org/wp-content/uploads/2021/02/CanopyStyle-Audit-Guidelines-and-Verification-Framework-ENG-CHN.pdf>

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

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

⁴ <https://canopyplanet.org/wp-content/uploads/2019/10/AdviceNoteCanopyStyleAudits.pdf>

1. GENERAL DESCRIPTION

1.1 Company 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. The company expects to open its new pulp producing site LD Celulose in Brazil this year.

1.2 Company scope (sites, locations, etc)

Lenzing AG is a publicly traded company, and its shares are quoted on the Vienna Stock Exchange.

Site	Location	Product	Capacity (nominal capacities)
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	285,000 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.
Prachinburi	Thailand	Lyocell	100,000 t fibers p.a.
LD Celulose S.A, Triângulo Mineiro	Brazil	Pulp	Estimated 500,000 t* dissolving wood pulp p.a.

*airdry

Lenzing AG has in total 7 production sites for Viscose, Modal and Lyocell including the new site in Prachinburi, Thailand that started its production in 2021 and two production sites for pulp. The sourcing of the 7 fiber production facilities is done by Pulp Trading GmbH, Lenzing trading company, which sourced approximately 65% of the necessary pulp from internal production from Austria or Czech Republic, the other half was sourced from external pulp suppliers.

The company started up its new sites in the first half year of 2022. LD Cellulose S.A. is a joint venture between the Austrian company Lenzing AG and the Brazilian company Dexco, and one of the world's largest dissolving wood pulp plants. Located in the Triângulo Mineiro region, the plant is between the municipalities of Indianópolis and Araguari. It has a production capacity of 500 thousand tons of dissolving wood pulp per year, in addition to 144 MW of energy. The dissolving wood pulp produced at LDC are used in the textile industry, generating innovative, sustainable, and high-tech fabrics.

1.3 Company 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 Wood and pulp policy, Lenzing states its commitment as written below:

"We strive to source wood and pulp exclusively from non-controversial sources. Lenzing has its own internal due diligence systems with regional-specific assessments on the

ground and relevant stakeholder engagement and we compliment this with multiple certification systems, including Forest Stewardship Council® (FSC®) 1 and Programme for the Endorsement of Forest Certification (PEFC) 2. We give preference to FSC® when our sourcing reaches beyond Austria, Czech Republic and other Central European countries."

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 is publicly available [here](#) and the Global Code of Conduct that can be found [here](#).

Lenzing Sustainability report for 2021 is available [here](#).

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Mill Capacity:	Lenzing 320.000 ton/year, Paskov (dissolving pulp) 285.000 ton/year, Nanjing 175.000 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: 6714	Permanent female: 1244
	Contract male: -	Contract female: -
	TOTAL: 7958	

Sites included in evaluation	Location
Lenzing AG	Lenzing, Austria
Lenzing Biocel Paskov a.s. (dissolving pulp mill)	Paskov, Czech Republic
Lenzing (Nanjing) Fibers CO., LTD. (viscose staple fiber mill)	Nanjing, China

3. EVALUATION PROCESS

3.1 Audit Team

3.2 Audit Overview

Auditor name(s)	Qualifications
Michal Rezek	Czech citizen, graduated at Masaryk University in Brno with MSc. in Geography and Cartography. Preferred by Nature Regional director 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.
Peiyong Zhou	Chinese citizen, Responsible Sourcing Specialist; CanopyStyle auditor; Qualified LegalSource auditor; Experienced in mainstream sustainability practises including sectors of pulp/paper, textile and timber, etc. Rich experience in timber legality related projects, especially in EUTR, FLEGT Action Plan (VPAs) related activities. Adequate knowledge and understanding in international timber legality requirements.

Site(s)	Audit date	Total on-site audit time (Hours)
Corporate Office and dissolving pulp mill, Lenzing AG (Austria)	16.5.2022	6,5
Dissolving pulp mill Lenzing Biocel Paskov (Czech Republic)	16.6.2022	5,5

Viscose mill Lenzing (Nanjing) Fibers CO., LTD, (China)	29.7.2022	4
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Note: more details about audit process are provided in a separate audit plan

3.3 Description of Overall Audit Process

Corporate audit on 16.5:

The audit started on 16th May 2022 as a remote audit using MS Teams with opening meeting with CanopyStyle responsible people – see below. The organisation sent part of the documents beforehand including the policies, training records, supplier questionnaire, risk assessment and volume summaries.

During opening meeting audit process and information regarding confidentiality and conflict of interest were explained. Then audit plan was discussed. The company then explained how it implemented the CanopyStyle Framework.

The auditor interviewed different responsible personnel and reviewed samples of incoming and outgoing delivery notes, invoices, supplier contracts, supplier list, policies and other records.

The audit addressed both purchasing of pulp for the whole Lenzing Group (on the corporate level) as well as purchasing pulp wood for the pulp mill in Lenzing, Austria.

The closing meeting was conducted on the same day at 17:00 with the below mentioned people. Findings of the audit were briefly presented and follow up process was explained.

Participants:

- Senior Advisor Sustainability
- Senior Sustainability Expert
- Sustainability Engagement Specialist
- Sustainability Expert Global Pulp & Wood
- Senior Manager Technical Customer Service Pulp
- Certification Specialist Purchasing Wood (Lenzing AG)
- Group Prod. Safety & Regul. Affairs Manager
- Head of Circularity Initiative
- PEFC and FSC Specialist (Lenzing Biocel Paskov)

Audit to the pulp mill (Lenzing Biocel Paskov):

The audit was conducted on-site on 16th June 2022 in Paskov, Czech Republic. Prior to the audit the organization submitted documentation regarding its CoC and DDS system to the auditor for review.

The audit started with opening meeting in Lenzing Biocel Paskov office with the organization’s CanopyStyle responsible people. 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 Specialists and Quality Manager. Then he visited the Wood Acceptance Department at the facility gate, interviewed its Head and reviewed samples of incoming delivery notes and invoices. Later, supplier contracts, supplier list, annual volume summary, policies and other records were also

checked and discussed. The company has demonstrated its new electronic system for pulp wood and chips acceptance. 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 in the afternoon with the bellow mentioned people and the organization director. Findings of the audit were briefly presented.

Participants:

- PEFC and FSC Specialist (Lenzing Biocel Paskov)
- Certification Specialist Purchasing Wood (Lenzing AG)
- Head of Wood Acceptance
- 2 HR Specialists
- Quality Manager

Short notice audit at viscose mill (Lenzing (Nanjing) Fibers):

Preferred by Nature (NEPCon) announced the short-notice audit on 28 Jul 2022. On 29 Jul 2022, the auditor started the onsite audit with an opening meeting with the presence of top management and key staff from all relevant departments. The objective and scope of the audit, agenda, conflict of interest issues, etc were introduced by the auditor. The management representative also gave a brief introduction of the company and the operation activities it involves.

Following the opening meeting, the auditor interviewed the management team on the practices and strategic plan on Canopy policy commitment. After interview with management, related documents were reviewed.

After that, the auditor toured the company's mill including the production line and warehouses. In combination with reviewing documents and visiting the company's facilities, the auditor interviewed the staff from various departments: production, warehouses, purchase, HR, R&D etc.

The closing meeting was held at the office in the afternoon with the presence of the management. During the meeting the main findings were presented and explained to the company.

Participants:

- Textile Lab Manager
- Sustainability Department Manager
- Viscose Department Manager
- Head of Production, Production Department
- Logistics Department Manager
- Warehouse Supervisor
- Head of Purchasing, North Asia
- Purchase Department Manager

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

During the month of May, June and July 2022, Preferred by Nature 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.

Preferred by Nature 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 and those that are in partial conformance. Lenzing AG is expected to make progress on the "progressive" KPIs over time.

In summary, Preferred by Nature 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.

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 500 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.

The company continues its strong performance in the development of innovative and alternative fibers and preventing pollution on many of their sites. Organisation proved to be very strong on its own greenhouse gas reduction and monitoring of carbon footprint of its suppliers.

Also, Lenzing's engagement into protection of ancient and endangered forests through voluntary advocacy for conservation solutions but also onsite restoration and protection is systematic and company runs numerous initiatives on this field.

Areas for Improvement:

- Based on the data received from its pulp suppliers the organization knows all countries of origin of the mills and the forests and most of the exact locations of the FMUs. This information is combined with information from Dissolving Pulp Classification tool. The results of the analysis were described in the company Sourcing Information Form. However, the organization's assessment was not fully consistent with the Dissolving Pulp Classification tool in all cases, and some suppliers (Arauco, Rayonier Temiscaming, Phoenix Pulp and Paper) may have potential risk related to Ancient and Endangered Forests according to the Dissolving Pulp Classification tool. On October 12th 2022 Lenzing shared a letter with Canopy the letter that says:

However, we confirm that in 2023, should no action have been taken by our pulp suppliers on clarifying this potential risk (through CanopyStyle Audits) or through putting in place adequate conservation measures and FSC requirements, as defined and clarified in the CanopyStyle Audit Framework, we will renew our sourcing only from mills listed as low risk or green in Canopy's Dissolving Pulp mill classification tool in 2023.

Below are the quotes from the letter:

Lenzing is committed to working with our suppliers to reduce the potential risk of sourcing from Ancient and Endangered Forests. Since 2021 due to challenges of COVID-related shutdowns, and Lenzing's anticipation of FSC sourcing from Brazil, Lenzing had to source from a more diverse set of pulp suppliers, thus increasing our potential risk.

However, we confirm that in 2023, should no action have been taken by our pulp suppliers on clarifying this potential risk (through CanopyStyle Audits) or through putting in place adequate conservation measures and FSC requirements, as defined and clarified in the CanopyStyle Audit Framework, we will renew our sourcing only from mills listed as low risk or green in Canopy's Dissolving Pulp mill classification tool in 2023.

This commitment will apply to all sourcing from Arauco, Rayonier Temiscaming, Phoenix Pulp and Paper, Cosmo, and any other mills not identified as low risk and green in Canopy's Dissolving Pulp Mill classification tool.

Continued efforts are recommended to increase sourcing of wood material that is FSC certified. Over the last period the share of FSC certified material has decreased from different reasons (see more in Appendix A, chapter 10 Responsible Forest Management) as the company broaden its sourcing basket engaging with more suppliers.

- The company very much procedurally relies on FSC certification when it comes to ensuring FPIC and human rights protection however the company was sourcing significant share of pulp coming from non-FSC certified forests which makes it more complex for the company to assess adherence to strict social standards.
- In the opinion of the auditor the Guideline developed by the Organisation for implementation of the CanopyStyle Framework does not have the character of the standard operating procedure as it does not provide description of the implementation process, rather it is a policy document complementing with producer Wood and Pulp Policy.
- Some definitions used by the CanopyStyle Framework are repeatedly missing in the company policies and operating procedures.
- Human rights and rights of workers are addressed in the company Code of Conduct that have to be signed by all producer suppliers however community rights and First Nations rights and Indigenous people are not specifically addressed in the Code of conduct and First Nations rights and Indigenous people are not specifically addressed in the Wood and Pulp Policy. Instead Lenzing is using the term "traditional rights" in their policies as per FSC definition.

Risk Assessment Conclusion Comparison between Company's Assessment as well as Canopy's Dissolving Pulp Classification Tool on Ancient & Endangered Forest

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
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Arauco	Low risk. Sourcing areas identified No issues found. Supplier informed about concern on Maputche conflict.	No sourcing issues identified based on current information and/or CanopyStyle audit. It has been documented that several Mapuche communities in Chile have been in conflict with forestry companies over logging and plantations on their customary lands. It is unclear whether these issues have been resolved between the Mapuche and Arauco.
Austrocel	Low risk. Sourcing areas identified No issues found.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Cosmo	Low risk. Sourcing areas identified No issues found.	Audit report can be found here: Cosmo CanopyStyle Report.pdf (preferredbynature.org)
Georgia Pacific	Low risk. Sourcing areas identified No issues found.	No sourcing issues identified based on current information and/or CanopyStyle audit.
International Paper	Low risk. Sourcing areas identified No issues found.	Local risk mitigated through supplier actions for Port Wentworth.
Lenzing – Lenzing Biocel paskov	Low risk. Sourcing areas are controlled and certified No issues found.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Lenzing – Lenzing AG	Low risk. Sourcing areas are controlled and certified No issues found.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Phoenix Pulp & Paper PCL	Low risk. Sourcing areas identified No issues found All IFLs in the vicinity are protected as national parks and all of the wood is compliant with at least FSC CW criteria (negligible risk of sourcing from protected areas)	In a region that contains IFL and where deforestation is a threat. Further sourcing information and/or auditing required.
Rayonier AM (Jesup)	Low risk. Sourcing areas are controlled and certified No issues found.	Local risk mitigated through supplier action
Rayonier AM (Fernandina)	Low risk. Sourcing areas identified No issues found.	Local risk mitigated through supplier action
Rayonier AM (Temiscaming)	Ancient and endangered forests are located within the supply area of the mill. The wood is therefore procured with an FSC claim.	Located within the Boreal Forest, and IFLs. Further sourcing information and/or auditing required.

Södra	Low risk. Classified as having a low risk of sourcing from ancient and endangered forests according to Canopy's Mill Classification.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Sappi, Cloquet	Low risk. Sourcing areas identified No issues found.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Sappi, Saiccor	Low risk. Sourcing areas identified No issues found.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Sappi, Ngodwana	Low risk. Sourcing areas identified No issues found.	No sourcing issues identified based on current information and/or CanopyStyle audit.

4.2 Summary of findings

Rating	Color
Not Applicable	
Commitment Met	
Commitment in Progress	
Commitment Not Met	
Insufficient Information Available	

** Indicates Critical Indicators

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 publicly available commitment to full implementation of the forest sourcing policy **	
	1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	
	1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	
	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 grievance procedure.	
	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 The MMCF producer identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. It also includes information about what volumes have FSC claims (i.e., FSC Mix, FSC 100%, FSC controlled wood). Where traceability is known, specify the FSC Certified FMU.	
	2.2 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.	
	2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	
	2.4 The assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.	
	2.5 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human rights and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.	
	2.6 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 Canopy, with permission to share 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. ** (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	6.1 When requested, Canopy, the Leaders Group and other stakeholder observers are permitted to participate freely and to report	

<p>Group observers to verify the implementation.</p>	<p>observations during this verification process. **</p>	
<p>*If sourcing from Priority Ancient and Endangered Forests, the MMCF producer (and/or supplier) is doing so in a manner consistent with the Advice Notes and actively engaging its supplier(s) to undertake large-scale scientifically based conservation planning and seeking FSC forest management certification for wood sourcing. (if, and when the producer is vertically integrated, they may excute the conservation planning and FSC certification themselves)</p>	<p>6.2 The MMCF producer requires of its supplier to complete 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>6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete 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>6.4 The MMCF producer requires of its supplier to have 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. **</p>	
	<p>6.5 The MMCF producer requires of its supplier to have 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>7. The MMCF producer shall require their forest/wood suppliers to recognize, respect and uphold human rights and the rights of communities</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 affected by forest operations. **</p>	

and workers affected by the operations of their supply chain and affiliated companies in the forestry sector		
	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 have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.	
	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 forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.	
	7.6 Recognition and respect for human rights is demonstrated by the MMCF producer 's forest/wood suppliers. There is no evidence of continuing to source from a forest/wood supplier that has failed to acknowledge or resolved 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 procedures to evaluate their suppliers' performance in reducing GHG.	
	11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.	
	11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **	
12. Pollution Prevention	<p>12.1 * This verification process <u>will not</u> verify the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality.</p> <p>Canopy expects MMCF producers to invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process), and to implement the ZDHC new viscose guidelines available at https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</p>	

4.3 Volume Summaries⁵

Pulp supply of Lenzing AG Group

Reporting period: 1.1.2021 – 31.12.2021

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)		36,7
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System		
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company		35,9
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).		
Non-FSC	Material received with no FSC claim.		
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)		27,4

Wood supply to pulp production on the sites in Lenzing (Austria) and Paskov (Czech Republic):

Reporting period: 1.1.2021 – 31.12.2021

Category	Explanation	Lenzing AG	Lenzing Paskov
		% Overall	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	1.95%	25.90%
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	10.83%	11.72%
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	11.21%	4.14%

⁵ The volume summary is provided by the organization.

FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).		2.83%
Non-FSC	Material received with no FSC claim.		
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	76.01%	55.42%
		100.00%	100.00%

NOTES:

According to the producer (and based on auditor review) all PEFC certified material is at the same time controlled through company FSC CW DDS so it is practically controlled material. The “controlled material” in this sheet comes without any FSC or PEFC claim is also controlled by the company FSC CW DDS.

The producer mentioned the data on exact volumes of purchased pulp-wood are not provided for confidentiality reasons.

Appendix A: standard checklist (CanopyStyle Verification Framework – Corporate Sourcing)

1. Evaluation of Site: Lenzing AG

Primary Responsible Person: (Responsible for control system at site(s))	Sustainability Engagement Specialist
Auditor(s):	Michal Rezek
People Interviewed, Titles:	Senior Advisor Sustainability Senior Sustainability Expert Sustainability Engagement Specialist Sustainability Expert Global Pulp & Wood Senior Manager Technical Customer Service Pulp Certification Specialist Wood Group Prod. Safety & Regul. Affairs Manager Head of Circularity Initiative

Brief Overview of Audit Process for this Location:	Please refer to Section 3.3 above for Description of Overall Audit Process.
Comments: N/A	

2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Wood and Pulp Policy is public and readily available on the organization website. The organization has made updates to its policy and can be found at: https://www.lenzing.com/?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/08_Corporate_Governance/Richtlinien_und_Kodizes/EN/policy-wood-pulp-EN.pdf 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. These are available upon request to stakeholders. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization presented its SOP for CanopyStyle called CanopyStyle Initiative Guideline, valid from 1st November 2021 with the document number 12245. It is publicly available on the company websites. In the opinion of the auditor the Guideline does not have the character of the standard operating procedure as it does not provide description of the implementation process, rather it is a policy document complementing with producer Wood and Pulp Policy.</p>

<p>1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Key personnel are defined in the CanopyStyle Initiative Guideline (chapter 4). Main person responsible is Anna Austaller. Acknowledgement from key staff that they have read and understand the policy has been shown during the audit.</p>
<p>1.4 The MMCF producer has developed capacity and Company structure to implement the Policy.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: 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. Lenzing has sufficient capacity to implement its Wood and Policy.</p>
<p>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: 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. As it is stated in Wood and Pulp Policy, Lenzing is committed to procure wood and dissolving wood pulp exclusively from non-controversial sources. Wood and Pulp 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</p>

	<p>strong communication with its suppliers, including onsite visits. To increase the importance of the sourcing policy, Lenzing requirement is regulated by the purchasing agreement signed by all its suppliers. It includes link to company Wood and Pulp Policy.</p>
<p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Questionnaire sent to suppliers regularly. In the case of wood and dissolving wood pulp procurement, Lenzing uses the wood certification schemes i.e., Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification Schemes (PEFC) for supplier sustainability management. In addition, the producer implements regular (annual) risk-assessments (based on data collected using the suppliers' questionnaire), 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 grievance procedure.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: According to the interviews with responsible staff the producer relies on forest certification</p>

	<p>systems (FSC and PEFC) and their grievance procedure.</p> <p>Lenzing can receive inputs from civil society stakeholders via the contact details provided on its website</p> <p>https://www.lenzing.com/contact/ or https://www.bkms-system.net/bkwebanon/report/clientInfo?cin=12len14&c=-1&language=eng.</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>Conformance with Indicator:</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>Description of the finding:</p> <p>Lenzing has action management system for audits, non-conformances from internal and external audits and grievances. There is action management plan available as was presented during the audit. According to the interview with responsible staff the action plan was already presented to Canopy.</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>Conformance with Indicator:</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>Description of the finding:</p> <p>Lenzing is centralized and the tasks are mostly performed from the Lenzing HQ based on integrated plant in Lenzing, Austria, 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>Pulp production site in Lenzing Biocel Paskov and fiber production plant in Nanjing, China were visited as a part of the short notice audit and the commitment was fully met.</p>
<p>1.11 Each production site manager has developed procedures to implement the Policy, when relevant. **</p>	<p>Conformance with Indicator:</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>Description of the finding: Production site in Nanjing was visited as a short notice audit. The mill used the same procedure as shared by the organization presented. For details, please refer to findings for 1.2. above.</p> <p>The pulp production plant in the Czech Republic the procedures for CanopyStyle audit were the same as for Lenzing AG (Wood and Pulp Policy and (CanopyStyle Initiative Guideline) while there has still been different SOP for wood purchasing – the company DDS system (S222).</p>
<p>Summary: The main documents for Producers’ wood and pulp sourcing are Wood and Pulp Policy, Code of Conduct and the CanopyStyle Initiative Guideline. The documents cover most aspects of the CanopyStyle Audit Framework and are implemented. In the opinion of the auditor the CanopyStyle Initiative Guideline does not have the character of the standard operating procedure as it does not provide description of the implementation process, rather it is a policy document complementing with producer Wood and Pulp Policy. The grievance systems are in place however there is not in place a transparent/public grievance procedure to input concerns focused on forest management and sourcing practices of civil society stakeholders. Lenzing has action management system for audits, non-conformances from internal and external audits and grievances. There is action management plan available as was presented during the audit</p>	

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 The MMCF producer identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. It also includes information about what volumes have FSC claims (i.e., FSC Mix, FSC 100%, FSC controlled wood). Where traceability is known, specify the FSC Certified FMU.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Lenzing keeps a good traceability system for the supply chain. Out of pulp purchased by Organisation in 2021 35,9% were FSC Mix Credit certified, 36,7% were FSC CW certified and 27,4% were PEFC certified.</p> <p>The Volume of alternative fibers on input to fiber(s) production in 2021 was provided during the audit. No other fibre input materials were used.</p>
<p>2.2 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p>

	<p>Description of the finding:</p> <p>The producer has done the supply chain analysis on a global level including all its pulp suppliers. Forest Mapper, Advice Note on Ancient and Endangered Forests as well Dissolving Pulp Classification tool were used. Based on the data received from its pulp suppliers the organization knows all countries of origin of the mills and the forests and most of the exact locations of the FMUs. This information is combined with information from Dissolving Pulp Classification tool. The results of the analysis were described in the company Sourcing Information Form. However, the organization’s assessment was not fully consistent with the Dissolving Pulp Classification tool in all cases, and some suppliers (namely Arauco, Rayonier Temiscaming, Phoenix Pulp and Paper) may have potential risk related to Ancient and Endangered Forests.</p>
<p>2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The assessment identifies all suppliers in the chain that supply MMCF mills – 14 direct suppliers. A risk assessment regarding sourcing from ancient and endangered forests was done by assessing sourcing regions using ForestMapper.</p>
<p>2.4 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The risk assessment is updated every year based on results of external CanopyStyle audits (and reports from those) that are publicly available, last version of Dissolving Pulp Tool and information gathered using the Supplier Questionnaire. The list of suppliers is on Lenzing website.</p>

<p>2.5 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human risks and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>The additional criteria that concern legality, violation of human rights and risk to the conversion of natural forests to plantations are part of the of the set of criteria assessed based on supplier questionnaire. The company considers them to be covered by FSC CW standard that is the minimum requirement for the pulp it sources. When this is not met (significant part of pulp sourced was PEFC certified in 2021) the data are additionally collected from suppliers and evaluated.</p>
<p>2.6 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>Conformance with Indicator:</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>Description of the finding:</p> <p>Lenzing publishes its suppliers publicly on the website https://www.lenzing.com/sustainability/production/resources/wood-and-dissolving-wood-pulp. 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>Lenzing is also in the phase of testing the block chain technology for its fibers traceability, see https://www.lenzing.com/newsroom/press-releases/press-release/lenzing-traces-its-fibers-with-blockchain-technolo.</p>
<p>Summary: Lenzing has a strong traceability system for the supply chain of the pulp production, back to the forest level. The list of suppliers is on Lenzing website.</p> <p>The producer has done the supply chain analysis on a global level including all its pulp suppliers. Forest Mapper, Advice Note on Ancient and Endangered Forests as well Dissolving Pulp Classification tool were used. The results of the analysis were described in the company Sourcing Information Form. The risk assessment is updated every year based on results of external CanopyStyle audits (and reports from those) that are publicly available, last version of Dissolving Pulp Tool and information gathered using the Supplier Questionnaire. The organization's assessment was not fully consistent with the Dissolving Pulp Classification tool in</p>	

all cases, and some suppliers (namely Arauco, Rayonier Temiscaming, Phoenix Pulp and Paper) may have potential risk related to Ancient and Endangered Forests
 The additional criteria that concerns legality, violation of human rights and risk to the conversion of natural forests to plantations are part of the of the set of criteria assessed based on supplier questionnaire. However, the 1994 cut-off date for plantations is not included.

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 valid FSC certificate. * *</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>According to producer Lenzing does not source from natural forests, only from semi-natural forests and plantations. During the audit the Lenzing staff declared the company relies on FSC certification for the plantations that practically rules out the risk of sourcing from plantations developed after 1994. The Organisation also engages with its pulp suppliers and collects information from them into the Sourcing Information Form 2021 document. According to that most suppliers are not sourcing from plantations, with the exemption of Sappi that has its plantations established prior 1994 FSC 100% certified and Arauco. For Arauco it states "most plantations are FSC certified (established prior to 1994). The remaining plantations are based outside of IFLs and HVF areas. The Wood is sourced with FSC claim". The information provided by the suppliers is verified by Lenzing by comparing the shapefiles provided with ForestMapper. It needs to be emphasized that only FSC certified plantations, producing FSC 100% timber, guarantee compliance with this requirement on avoiding conversion of natural forests to plantations.</p>

Summary: According to producer Lenzing does not source from natural forests, only from semi-natural forests and plantations. During the audit the Lenzing staff declared the suppliers rely mostly on FSC certification for the plantations that reduces but does not completely eliminate the risk of sourcing from plantations developed after 1994.

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,</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

<p>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. **</p>	<p> <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: Lenzing has presented CanopyStyle Initiative Guideline (GUI-10064) prior to the audit having definitions at chapter 2 of the terms included in their Policy, however, definition for “natural forest”, “endangered species” and “high carbon area” are missing. This has already been an issue during the last audit. The other definitions are included in the GUI-10064 document.</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 sources have been identified and shared with Canopy, with permission to share Leaders Group. **</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: 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 with the exception of Arauco, Cosmo, Phoenix Pulp & Paper PCL (based in Thailand), Rayonier AM, Canada, Temiscaming that at the date of the audit still had potential risk. According to the interview with responsible staff and company Sourcing Information Tool 2021, the risks were assessed as follows:</p> <ul style="list-style-type: none"> - Arauco: There is no chance of sourcing from ancient and endangered forests. The Chilean IFLs are outside of supply area. - Phoenix: There is no chance of sourcing from ancient and endangered forests. All IFLs in the vicinity are protected as national parks and all of the wood is compliant with at least FSC CW criteria (negligible risk of sourcing from protected areas). This was also presented by showing shapefiles of the sourcing areas (FMUs) on the ForestMapper. - Cosmo: This supplier’s sourcing area is located in proximity to Ancient and Endangered Forests and IFLs. The 2022 audit report finds that there is

	<p>overall low risk of sourcing from these forests.</p> <ul style="list-style-type: none"> - Rayonier AM, Canada, Temiscaming: Ancient and endangered forests are located within the supply area of the mill. The wood is therefore procured with an FSC claim. This was also confirmed by sample of incoming invoices from this producer. <p>Lenzing responsible staff mentioned they were in contact with Canopy, presented its list of pulp suppliers and were communicating on ruling out the high risk related to these suppliers. They also mentioned according to their information gained from Cosmo responsible people, sourcing from Cosmo was free of risk of sourcing in IFLs and Priority Ancient and Endangered forests.</p>
<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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Wood and Pulp Policy was adopted already in 2018 (in its first version). No material purchased before 2019 is on stock at Lenzing´s fiber production plants.</p>
<p>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>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Lenzing Wood and Pulp Policy of sourcing with the minimum of FSC Controlled Wood claim (or verified against FSC CW standard by Lenzing internally – in case of PEFC certified supply), demonstrates commitment to legal compliance. FSC CW system implemented by Lenzing, requires knowledge about legality framework for development of country specific risk assessments. There is no evidence of non-compliances with local, national or international laws that would be publicly available. The Lenzing HQ has legality team that works on compliance of Lenzing</p>

	<p>purchasing policies with local, national and international law.</p>
<p>4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>By the Wood and Pulp Policy, Lenzing is committed to avoid the use of wood and pulp containing wood sourced from areas identified as Ancient and Endangered forest as well as IFLs. In case Lenzing source wood and pulp from such regions, Lenzing strives that a minimum it be certified by FSC. 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. This is verified by collecting evidence through suppliers questionnaires and up-dating the Sourcing Information Form that was presented to the auditors. However, Lenzing is procuring pulp from some suppliers that have potential risk according to the Dissolving Pulp Classification Tool.</p> <p>On October 12th, 2022, Lenzing sent the letter that says:</p> <p><i>However, we confirm that in 2023, should no action have been taken by our pulp suppliers on clarifying this potential risk (through CanopyStyle Audits) or through putting in place adequate conservation measures and FSC requirements, as defined and clarified in the CanopyStyle Audit Framework, we will renew our sourcing only from mills listed as low risk or green in Canopy's Dissolving Pulp mill classification tool in 2023.</i></p>
<p>Summary: Lenzing has presented CanopyStyle Initiative Guideline (GUI-10064) having definitions at chapter 2 of the terms included in their Wood and Pulp Policy, however, definition for "natural forest", "endangered species" and "high carbon area" are missing.</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 with the exemption of Arauco, Cosmo, Phoenix Pulp & Paper PCL (based in Thailand), Rayonier AM, Canada, Temiscaming that at the date of the audit still had potential sourcing risk. On October 12 Lenzing announces its commitment: "...we confirm that in 2023, should no action have been taken by our pulp suppliers on clarifying this potential risk (through CanopyStyle Audits) or through putting in place adequate conservation measures and FSC requirements, as defined and clarified in the CanopyStyle Audit Framework, we will renew our sourcing only from mills listed as low risk or green in Canopy's Dissolving Pulp mill classification tool in 2023."</p>	

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
<p>5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The producer presented list of its pulp suppliers that is also available on their website. The organization also demonstrated (on samples) it has identified countries of origin of the pulpwood and its forests of origin. All suppliers are either FSC or PEFC certified.</p>
<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.**</p> <p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Wood and Pulp sourcing policy and supplier Code of Conduct are enforced back to the supply chain by the sourcing (purchasing) contract between Lenzing and its pulp supplier that gives Lenzing option to withdraw the contract in situations where non-conformance is found. The situation is also described in the Wood and Pulp policy (2nd paragraph from the bottom). "If we discover that we are sourcing wood or pulp from controversial sources, we will first engage our suppliers to encourage consistent practices with our policy and if the response is unsatisfactory, we will eliminate it from our supply chain with a reasonable lead time."</p>
<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	Based on the purchasing contract 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. The company reported there was no such situation so far so there no documented withdrawals exist.
<p>Summary: The producer presented list of its pulp suppliers that is also available on their website. The organization also demonstrated (on samples) it has identified countries of origin of the pulpwood and its forests of origin. Wood and Pulp sourcing policy and supplier Code of Conduct are enforced back to the supply chain by the sourcing (purchasing) contract between Lenzing and its pulp supplier that gives Lenzing option to withdraw the contract in situations where non-conformance is found. The company reported there was no such situation so far so there no documented withdrawals exist.</p>	

<p>6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.</p> <p>*If sourcing from Priority Ancient and Endangered Forests, the MMCF producer (and/or supplier) is doing so in a manner consistent with the Advice Notes and actively engaging its supplier(s) to undertake large-scale scientifically based conservation planning and seeking FSC forest management certification for wood sourcing. (if, and when the producer is vertically integrated, they may execute the conservation planning and FSC certification themselves)</p>	
Indicators	Findings
<p>6.1 When requested, Canopy, Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Stakeholders were not formally invited to this verification process and none of them applied, however according to interviews with Lenzing responsible Lenzing is agreeable to having observers at the CanopyStyle audits. Lenzing is in constant dialogue with Canopy and is open to share information regarding the verification process with them.</p>
<p>6.2 The MMCF producer requires of its supplier to complete 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>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: According to the interview with people responsible for sourcing the producer relies on FSC certificate holders to meet the</p>

	<p>conservation and HCV standards. They also mentioned Lenzing would require complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment in case they would be sourcing FSC uncertified pulp originating from wood sourced from regions such as the Canadian and Russian Boreal Forests, Coastal Temperate Rainforests, tropical forests and peatlands of Indonesia, the Amazon and West Africa (in line with their Wood and Pulp Policy). At this time, two suppliers, Cosmo and Rayonier, source controlled wood (originally uncertified but controlled through an FSC Controlled Wood due diligence system).</p> <p>The producer’s Wood and Pulp Policy states: “In case Lenzing sources wood and pulp from the above-referenced regions, Lenzing strives (i) that at a minimum it be certified by the Forest Stewardship Council® (FSC®) and (ii) to ensure that science-based conservation planning is supported from the area and (iii) to support conservation solutions that protect ancient and endangered forests.”</p> <p>Lenzing has been involved in supporting several projects for conservation of Canadian Boreal Forest by supporting the conservation of Broadback Forest in Quebec in 2019 and tropical forests as was the support to Leuser Initiative in Indonesia in 2021.</p>
<p>6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MDCF producer requires of its supplier to complete 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>Conformance with Indicator:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding:</p> <p>According to Producer Lenzing is not sourcing from controversial areas, with records of conflict and human rights violation. This is supported by comparing the list of pulp suppliers with Dissolving Pulp Classification Tool. The Producer approach is not source from controversial areas and thus this option is not elaborated in Producers policies or SOP.</p> <p>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 requires of its supplier to have 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.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Producer approach is not to source from controversial areas and thus this option is not elaborated in Producers policies or SOP. It relies very much on FSC certification. FSC however does not require High Carbon Stock (HCS) assessments and controlled material sourced through a due diligence system does not necessary require FPIC.</p> <p>See also findings for 6.2. above.</p> <p>The producer ´s Wood and Pulp Policy states: "In case Lenzing sources wood and pulp from the above-referenced regions, Lenzing strives (i) that at a minimum it be certified by the Forest Stewardship Council® (FSC®) and (ii) to ensure that science-based conservation planning is supported from the area and (iii) to support conservation solutions that protect ancient and endangered forests."</p>
<p>6.5 The MMCF producer requires of its supplier to have 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>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Producer does not at this time require its suppliers to do this.</p>
<p>Summary: Lenzing is agreeable to having observers at the CanopyStyle audits. According to the interview with people responsible for sourcing the producer relies on FSC certificate holders to meet the conservation and HCV standards. They also mention that in the future, Lenzing would suppliers require complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment in case they would be sourcing FSC uncertified pulp originating from wood sourced from regions such as the Canadian and Russian Boreal Forests, Coastal Temperate Rainforests, tropical forests and peatlands of Indonesia, the Amazon and West Africa (in line with their Wood and Pulp Policy). At this time there are 2 suppliers sourcing from these areas, but no actions have been undertaken yet.</p> <p>The Producer approach is not to source from controversial areas and thus this option is not elaborated in Producers policies or SOP. FSC however does not require High Carbon Stock (HCS) assessments and would therefore not require FPIC for those assessments.</p>	

7. The MMCF producer shall require their forest/wood suppliers to recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies in the forestry sector

Indicators	Findings
<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 affected by forest operations. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: All sources of pulp are FSC or FSC CW certified or verified against FSC CW standard by the producer itself. Suppliers who are FSC certified are 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. Suppliers in countries where FPIC is potentially an issue mainly rely on FSC certification to demonstrate compliance with this point. The producer asks its suppliers about implementation of FPIC in its Supplier Questionnaire and evaluates it. The company responsible staff presented that it ruled out the risk for some suppliers (such as Arauco or Phoenix) where indigenous people and local communities may be affected by forest operations by gaining more specific information about sourcing area. Relying purely on FSC certified forest area would strengthen the system.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The producer asks its suppliers about how they document the commitment to recognize and respect human rights, community rights and rights of workers in its Supplier Questionnaire and evaluates it. First Nation rights and Indigenous people are not mentioned. According to the Producer the suppliers with FSC forest management certification can be considered to conform with the policy. Human rights and rights of workers are addressed in the company Code of Conduct that have to be signed by all producer</p>

	<p>suppliers however community rights and First Nations rights and Indigenous people are not addressed in the Code of conduct and First Nations rights and Indigenous people are not addressed in the Wood and Pulp Policy. Thus, it was not clear how the company assessed the full compliance of its suppliers.</p>
<p>7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: According to the company those suppliers that conform to FSC or PEFC or FSC CW standards are required to have a transparent complaints or grievance mechanism. The producer asks its suppliers about a grievance mechanism and transparent and accountable resolution of conflicts in its Supplier Questionnaire and evaluates it. No issues were found for its current suppliers.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Lenzing has developed internal capacity and organizational structure to recognize and respect the rights of its workers. HR department has sufficient capacity. 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 are also required to sign the policy for association which commits to not being directly or indirectly involved in violation of any of the ILO Core Conventions. Newly the compliance with ILO convention is also demonstrated by signing the FSC Core Labour requirement declaration and filling in the FSC Core labour Requirements Self-assessment.</p>

	<p>Lenzing AG has two employee associations with voluntary membership of their workers, the Work Council Pro-Ge and trade union GPA at the sites in Lenzing and Heiligenkreuz. In addition to these sites, trade union representatives of different fractions and interest groups are active at the sites in Paskov, Purwakarta, Nanjing, Grimsby, and Mobile.</p>
<p>7.5 The MMCF producer has developed procedures to ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Producer asks its suppliers about how they ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work in its Supplier Questionnaire and evaluates it. No issues were reported by the Producer. Newly the compliance with ILO convention is also demonstrated by signing the FSC Core Labour requirement declaration and filling in the FSC Core labour Requirements Self-assessment for the FSC certified suppliers.</p>
<p>7.6 Recognition and respect for human rights is demonstrated by the MMCF producer's forest/wood suppliers. There is no evidence of continuing to source from a forest/wood supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The producer to some extent 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. Additionally, the producer asks its suppliers about their engagement in social conflicts and past or current human rights violations in its Supplier Questionnaire and evaluates it. Suppliers agreed to a Producer's 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. Also Lenzing mentioned they did not have a situation when they would have learned about their suppliers for wood and pulp failed</p>

	<p>to acknowledge or resolved social conflicts and remedy past or current human rights violations.</p> <p>Human rights and rights of workers are addressed in the company Code of Conduct that have to be signed by all producer suppliers.</p>
<p>Summary: Implementation of Free, Prior and Informed Consent of indigenous people and local communities affected by forest operations is checked by several means. As not all the suppliers and their supplies are FSC 100% the control by third party audits is not ideal. Relying purely on FSC-certified forest sourcing area would strengthen the system. Human rights and rights of workers are addressed in the company Code of Conduct that have to be signed by all producer suppliers however community rights and First Nations rights and Indigenous people are not addressed in the Code of conduct and First Nations rights and Indigenous people are not addressed in the Wood and Pulp Policy. Thus, it was not clear how the company assessed the full compliance of its suppliers. Lenzing and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers. The Producer asks its suppliers about how they ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work in its Supplier Questionnaire and evaluates it. No issues were reported by the Producer.</p> <p>There is no evidence that Lenzing or suppliers are avoiding or failing to resolve human rights violations.</p>	

8. Development of Innovative and Alternative Fiber	
Indicators	Findings
<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>Conformance with Indicator:</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>Description of the finding:</p> <p>The producer responsible person – Head of Circularity Initiative introduced several projects for development of alternative fibers. Among others:</p> <ul style="list-style-type: none"> - partnership project with Södra on development of postconsumer textile waste containing recycled dissolving pulp. - Join development with Cordier of pre- and postconsumer textile waste containing recycled pulp, recycled pulp production in industrial scale for REFIBRATM technology - Orange Fiber: Joint development of a Lenzing Limited Edition TENCEL™ fiber, 2nd successful production run (not published yet). 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

	<p>needs further refinery to meet required pulp specification.</p> <ul style="list-style-type: none"> - Partner in the project INGRAIN: German initiative to use agricultural & food residuals (also) in textile production and generally to link these three value chains - Engagement in a project of Wageningen University and Research for evaluating the potential to use agricultural waste for fiber production - Spinnova project - Cooperations with various brands to create Circular Business Models (Inditex, H&M, Bestseller, Workwear producers etc.) <p>Lenzing already offers fibre with 30% of recycled garments (cotton textile scraps) REFIBRA™.</p> <p>The alternative fibres are introduced to Lyocell, Modal and in 2022 the producer plans to also introduce it to viscose production. Alternative fibers are implemented also into nonwovens. Alternative fibers are being produced on the Lenzing site Heiligenkreuz, Austria. In the future they will also be produced in the Asian viscose mills.</p> <p>Action plan for the future is to focus on big quantities. The goal for 2022 is that Lenzing Lyocell production contains 30% of alternative feedstock while in 2023 it shall make 40% and 30% in Modal and Viscose production.</p>
<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>Conformance with Indicator:</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>Description of the finding:</p> <p>Lenzing has commercial alternative fibre products in their Tencel, Lyocel and REFIBRA™ brands.</p>
<p>Summary: Lenzing has introduced several projects for development of alternative fibers and is continuing the development by supporting many initiatives and research.</p> <p>Lenzing has developed commercial alternative fibre products.</p> <p>Action plan for the future is to focus on big quantities. The goal for 2022 is that Lenzing Lyocell production contains 30% of alternative feedstock while in 2023 it shall make 40% and 30% in Modal and Viscose production.</p>	

9. Voluntary Advocacy for conservation solutions	
Indicators	Findings

<p>9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests. **</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>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.</p> <p>Among others Lenzing experts participated at Textile Exchange annual meeting on biodiversity including protection at AE forests, Dublin in November 2021 (Textile Exchange has developed the Textile Exchange Biodiversity Benchmark).</p> <p>The Producer is also engaging with European beverage carton manufacturers in a working group on biodiversity.</p> <p>Lenzing takes part in Wild dialogue in Austria.</p> <p>Lenzing has been in contact with Umweltdachverband concerning a project about biodiversity with Austrian State Forests.</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 Informed Consent of affected indigenous and local communities. **</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>Lenzing has been involved in supporting several projects for conservation of Canadian Boreal Forest by supporting the conservation of Broadback Forest in Quebec in 2019 and tropical forests as was the support to Leuser Initiative in Indonesia in 2021. In both cases Lenzing has sent letter to governments of the countries/counties expressing the need for strict protection on conflict areas and willingness for support. The letters were presented.</p> <p>Lenzing has been involved in two projects so far: Afforestation, training and education for sustainable community-based forest management in Albania, a four year project (May 2019 – April 2022) for afforestation and re-cultivation of 10 ha of degraded community managed forests connected with social impact project. In the next phase (2022 and 2023) next 12 ha are to be added.</p>

	<p>One Tree Planted project to donate trees and replant the recently impacted California forests https://www.tencel.com/earth-day. In 2020, some 10,000 trees were planted. In 2021, 33,025 trees were planted, mainly in California and Colorado, and in Haiti. This amounts to a total of 59,166 trees since 2019. In the reporting year, Lenzing earned the Tree Badge Award for participating in the Million Tree Challenge with nine other organizations that support tree planting.</p> <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. Potential projects in Congo basin, Brazil and Indonesia were mentioned by company responsible people.</p>
<p>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.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>According to its Sustainability report Lenzing adopted the Science Based Targets for Nature initiative introduced by the Action Framework with five types of actions:</p> <p>Avoid – Lenzing explicitly commits not to cause deforestation in its Wood and Pulp Policy</p> <p>Reduce – to offer viscose, modal and lyocell fibers with 50% post-consumer recycled content on a commercial scale by 2025.</p> <p>Restore – to implement a conservation solution of 20 ha in Albania in combination with a social impact project by 2024. To implement conservation solution on 15 000 ha at the new pulp site in Brazil by 2030.</p> <p>Regenerate & Transform – to engage in further conservation, biodiversity protection, and restoration activities in regions where forests are at risk or should be improved by 2025.</p> <p>In 2019, Lenzing has engaged with decisionmakers to support a key landscape of hope in the Canadian Boreal, the Broadback Forest.</p> <p>Lenzing has also supported Canopy's Leuser Ecosystem project, and signed on to the 2022 letter from MMCF Producers to CBD Parties, in support of strengthening the Global Biodiversity Framework.</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>Conformance with Indicator:</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>Description of the finding:</p> <p>Lenzing is a co-owner of the large eucalyptus plantation (44 000 ha) LD Cellulose in Brazil that is FSC certified. The company has the target to implement conservation solutions on 15 000 ha of this plantations in line with the FSC standard. At this stage, 14,623 hectares are protected areas. According to Producer staff LD Cellulose’s forestry unit is supervised by ecology and environmental specialists who were also responsible for identifying a High Conservation Value Area (HCVA) in the area managed by LD Cellulose containing Pseudopaludicola facureae, a species of frog found only in this region of Minas Gerais. The forestry unit constantly works to identify any areas that need to be classified as HCVA to ensure the protection of animal and plant species.</p> <p>Lenzing is in contact with Umweltdachverband concerning a project about biodiversity and ecosystem services with Austrian State Forests.</p>
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Summary:

Lenzing takes part in conferences and panels to speak to the need to address sourcing from ancient and endangered forests, and encourages other peers in the industry to join the CanopyStyle Initiative.

Lenzing has been involved in supporting several projects for conservation of Canadian Boreal Forest by supporting the conservation of Broadback Forest in Quebec in 2019 and tropical forests as was the support to Leuser Initiative in Indonesia in 2021. In both cases Lenzing has sent letter to governments of the countries/counties expressing the need for strict protection on conflict areas and willingness for support.

Lenzing has been involved in two projects so far: Afforestation, training and education for sustainable community-based forest management in Albania and One Tree Planted project to donate trees and replant the recently impacted California forests.

The Producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat on the forest plantations in Brazil with the target to implement conservation solutions on 15 000 ha.

10. Responsible forest management	
Indicators	Findings
<p>10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p>

developed and implemented an action plan to increase FSC intake.**

- Commitment in Progress
- Commitment Not Met
- Insufficient Information Available

Description of the finding:

All Lenzing sites has obtained FSC certification under a multi-site certificate.

In comparison with the statistics in the past years the share of FSC certified (FSC Mix Credit) pulp and FSC Controlled Wood pulp decreased in 2021 and 27,4% of the pulp input was PEFC certified while the producer responsible people mentioned some of the PEFC certified supplies are at the same time also FSC CW certified. The decrease is mainly caused by the fact that the company had to increase the number of their pulp suppliers (as the intermediate solution) and one key supplier (AustroCel) has PEFC certification only.

The main target for the Producer is that its new Brazilian pulp mill LD Cellulose mill with capacity around 500 000 t will produce FSC 100% pulp later this year and thus the overall Lenzing Group will very likely rapidly increase its FSC (FSC 100%) pulp supply.

Although the company aims at increasing the intake of FSC certified material, its policies are written in a way that implies the company aims at pulp and wood supplies certified according to both FSC and PEFC standards. This according to the auditor view makes the choice of the certification systems more equal and the company mentions it needs to be prepared for the market trends. This is in line with the growing demand for PEFC certified fibre on some markets. The company gained PEFC CoC certificates for its sites Indonesia, US and China (Nanjing) in 2021.

In October 2022 the Producer updated its Wood and Pulp Policy and it now says: ". Lenzing has its own internal due diligence systems with regional-specific assessments on the ground and relevant stakeholder engagement and we compliment this with multiple certification systems, including Forest Stewardship Council® (FSC®) 1 and Programme for the Endorsement of Forest Certification (PEFC) 2. We give preference to FSC® when our sourcing reaches beyond Austria, Czech Republic and other Central European countries."

Summary: In comparison with the statistics in the past years the share of FSC certified (FSC Mix Credit) pulp and FSC Controlled Wood pulp decreased in 2021 and 27,4% of the pulp input was only PEFC certified. The decrease is mainly caused by the fact that the company had to increase

the number of their pulp suppliers (as the intermediate solution) and one key supplier (AustroCel sourcing in Austria and Germany) has PEFC certification only.
 The main target for the Producer is that its new Brazilian pulp mill LD Cellulose mill with capacity around 500 000 t will produce FSC 100% pulp later this year and thus the overall Lenzing Group will very likely rapidly increase its FSC (FSC 100%) pulp supply.

11. Reduction of Greenhouse Gas (GHG) Footprint by Recognizing the importance of forests and peatlands as carbon storehouses

Indicators	Findings
<p>11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Lenzing has advanced Climate policy and is monitoring its GHG emissions as well as the GHG emissions of their suppliers and their climate protection goals. Lenzing has a decarbonization goals and aims to carbon neutrality by 2050. The company claims it shall not be achieved by buying the offsets but rather reducing the current fossil-based emissions from its production and supply chain and innovating new technologies.</p> <p>Producers' carbon footprint is described in the sustainability report: https://reports.lenzing.com/sustainability-report/2021/material-aspects/climate-energy/lenzing-groups-current-carbon-footprint.html</p> <p>According to the sustainability report in 2021, compared to 2019, absolute scope 1 emission decreased slightly, absolute scope 2 emissions stayed the same and scope 3 emissions decreased. In 2021, CO2 intensity for scope 1, 2 and 3 has slightly increased compared to 2019, mainly because of less pulp volumes sold to the market.</p> <p>Lenzing is member of Science Based Targets initiative. Lenzing has conducted LCA assessment for its products (partner Quantis).</p> <p>According to interviews and supplier questionnaire the producer request its pulp suppliers to report on GHG already since 2008. They are in a regular dialogue with their suppliers. Supplier questionnaire asks questions about GHG emissions include GHG emissions per ton of the pulp (few suppliers provided), as well as climate targets, SBTi</p>

	<p>targets, its validation and GHG emissions from land use.</p>
<p>11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Suppliers questionnaire that is being sent to the pulp suppliers asks questions about sourcing from tropical peatlands and IFLs. The producer has assessed its pulp supplies as free of these sourcing regions. However, fibre from IFLs may be entering the supply chain according to the Dissolving Pulp Classification.</p>
<p>11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Suppliers' questionnaire that is being sent to the pulp suppliers asks questions about sourcing from tropical peatlands, restoring peatlands and their hydrology and IFLs. So far the company did not record any supplies coming from such areas. However, fibre from IFLs may be entering the supply chain according to the Dissolving Pulp Classification. According to the interview the producer policy is not to source from such areas.</p>
<p>Summary: Lenzing has advanced Climate policy and is monitoring its GHG emissions as well as the GHG emissions of their suppliers and their climate protection goals. Lenzing has a decarbonization goals and aims to carbon neutrality by 2050. Lenzing is member of Science Based Targets initiative. Lenzing has conducted LCA assessment for its products. They are in a regular dialogue with their suppliers. Supplier questionnaire asks questions about GHG emissions include GHG emissions per ton of the pulp (few suppliers provided), as well as climate targets, SBTi targets, its validation and GHG emissions from land use.</p> <p>The producer has assessed its pulp supplies as free of sourcing from tropical peatlands and/or intact forest landscapes and not operating in intact forest landscapes or on drained tropical peatlands.</p>	

12. Pollution Prevention	
Indicators	Findings

12.1 *This verification process will not verify at first hand the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality.

Canopy expects MMCF producers to invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e., lyocell process), and to implement the ZDHC new viscose guidelines available at <https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released>

Conformance with Indicator:

- Not Applicable
- Commitment Met
- Commitment in Progress
- Commitment Not Met
- Insufficient Information Available

Description of the finding:

The CanopyStyle audit will not report on this indicator.

Other tools such as the Hot Button report will address chemical management starting in 2020.

There are several achievements in the areas of air and water pollution since the last CanopyStyle report and ongoing:

- Sulfur reduction:

Air purification and sulfur recovery plant in Lenzing (Austria)

The new air purification and sulfur recovery plant not only optimizes the company's self-sufficiency for sulfur and enhances its process reliability, but also improves its environmental performance as part of a forward-looking strategy. Applying this state-of-the-art technology improves exhaust emission values and reduces fossil fuel use by generating steam, which, in turn, is converted into electricity. As a result, it also supports the energy self-sufficiency of the company's production plant at the Lenzing site while reducing its annual CO2 emissions by 15,000 tons. The new plant began operation in 2021 and represents an important contribution to implementing the Group's sustainability strategy and clean technologies.

Indonesia:

Target: To improve the Lenzing Group's specific sulfur emissions by 50 percent by 2023 (baseline 2014)

Measure: Lenzing implements a sulfur recovery plant (CAP) upgrade at the Purwakarta plant (Indonesia) by 2023. Implementation ongoing.

- Wastewater reduction:

Target: To improve Lenzing Group's specific wastewater emissions (COD) by 20 percent by 2024 (baseline 2014)

	<p>Measures: Lenzing implements a wastewater treatment plant upgrade at Purwakarta plant (Indonesia) by 2023.</p> <p>Lenzing implements a new wastewater treatment plant at Grimsby (UK) plant by 2024. Implementation ongoing at both sides.</p> <ul style="list-style-type: none"> - EU BAT <p>All Lenzing sites in the EU, including one viscose plant, two lyocell plants and two pulp plants, met or exceeded the applicable EU BAT performance standards in 2021, which are set out in several EU best available technology reference documents, i.e., these plants comply with the regulations associated with the BATs. Compliance with EU BATs is the basis for the issuance and review of environmental and operating permits for the plants and is continuously monitored by the competent authorities in the EU Member States. Compliance monitoring is also carried out in accordance with BAT requirements relating to management, monitoring program, reporting, etc.</p> <p>Therefore, compliance with EU BAT cannot be invoked outside the EU. All Lenzing production sites outside the EU, with the exception of one viscose plant in Indonesia, therefore, have the EU Ecolabel for best-in-class performance. In line with the sustainability target, the viscose site in Indonesia aims to achieve the EU Ecolabel in 2023.</p> <ul style="list-style-type: none"> - ZDHC <p>Lenzing is fully committed to the roadmap of the multi-stakeholder Zero Discharge of Hazardous Chemicals (ZDHC) initiative. First time disclosure of wastewater performance of all viscose sites in ZDHC gateway in 2021 (Lenzing, Nanjing, Purwakarta).</p>
<p>Summary: All Lenzing sites in the EU, including one viscose plant, two lyocell plants and two pulp plants, met or exceeded the applicable EU BAT performance standards in 2021, which are set out in several EU best available technology reference documents, i.e., these plants comply with the regulations associated with the BATs. Lenzing is fully committed to the roadmap of the multi-stakeholder Zero Discharge of Hazardous Chemicals (ZDHC) initiative.</p>	

** Indicates Critical Indicators

Appendix B: standard checklist (CanopyStyle Verification Framework – MMCF (Man-made Cellulosic Fibre) Mill Checklist)-

1. Evaluation of Participating site: Lenzing (Nanjing) Fibers Co., Ltd

Primary Responsible Person: (Responsible for control system at site(s))	Textile Lab Manager
Auditor(s):	Peiyong Zhou
People Interviewed, Titles:	Textile Lab Manager Sustainability Department Manager Viscose Department Manager Head of Production Department Logistics Department Manager Warehouse Supervisor Head of Purchasing, North Asia Purchase Department Manager
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 3.3 above for Description of Overall Audit Process.</i>
Comments:	This mill is responsible for viscose filament rayon production and material and products storage without involvement in pulp sourcing.

2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy	
Indicators	Findings
1.1 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Wood and Pulp Policy is public and readily available on the organization website. The organization has made updates to its policy and can be found at: https://www.lenzing.com/?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/08_Corporate_Governance</p>

	<p>nce/Richtlinien_und_Kodizes/EN/policy-wood-pulp-EN.pdf</p> <p>The Company organized several training sessions on the policy and Canopy requirements before the audit. Training records were provided for auditor review.</p> <p>Auditor interviewed key managers of this mill who are aware of wood sourcing policy, definition of ancient and endangered forests and controversial sources, as well as demonstrated how they implement the policy during their daily work.</p>
<p>1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant. **</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>The organization/HQ presented its SOP for CanopyStyle called CanopyStyle Initiative Guideline, valid from 1st November 2021 with the document number 12245. It is publicly available on the company websites. In the opinion of the auditor the Guideline does not have the character of the standard operating procedure as it does not provide description of the implementation process, rather it is a policy document complementing with producer Wood and Pulp Policy. The organization shared the same SOP with the mill.</p> <p>The material from different suppliers can be clearly identified with identification card.</p>
<p>Summary: Wood pulp procedure has been established and made public on the website of the Company. Trainings on related procedures and Wood Sourcing Policy has been held. The managers are aware of the policy and procedures. However, the SOP developed does not have the character of the standard operating procedure as it does not provide description of the implementation process, rather it is a policy document complementing with producer Wood and Pulp Policy.</p>	

<p>2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy- and all sourcing from the local site is consistent with the corporate desktop audit.</p>	
Indicators	Findings
<p>2.1 The production site/mill maintains all <u>purchase and sales</u> documentation related to the wood fiber <u>inputs</u>.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input 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>Description of the finding:</p> <p>The mill is not responsible for sourcing of wood pulp. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ. The material input and sales are documented. The production workshop and warehouse maintain records of the quantity of pulp from different suppliers. The warehouse keeps the records of production delivery.</p>
<p>2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u>.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The mill is not responsible for sourcing of wood pulp. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ.</p> <p>The mill maintains the delivery documents of wood pulp, including commercial invoice, packing list, bill of lading, certificate of origin, etc.</p>
<p>2.3 All wood fibre input going into the mill is consistent with and identified within the MMCF supply chain assessment provided during the desktop audit.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>By checking with the storage warehouse as well as the inventory records, the pulp reserved in the mill is consistent and identified within the MMCF supply chain assessment provided during the desktop audit. All types of pulp stored at the warehouse during the audit were in alignment with the publicly available supplier list.</p>
<p>2.4 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	<p>The mill is not responsible for sourcing of wood pulp. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ.</p> <p>The certification code and claim are included on the commercial invoice and transport documents from the suppliers.</p>
<p>2.5 The production site maintains and can verify a summary of annual purchases (or inputs).</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>The mill is not responsible for sourcing of wood pulp. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ.</p> <p>During the audit, the mill showed to the auditor the summary of annual purchases from the HQ and explained the receive of the input, use of the input and storage of the input clearly.</p>
<p>2.6 All MMCF producers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant. Supplementary information should include the forest /plantation of origin when known.</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>The sales documents (trade and transport documents) from the mill carry relevant FSC/PEFC certificate code and claim when relevant.</p> <p>However, the forest/plantation of origin is not included on the trading documents.</p>
<p>Summary: The mill does not involve in purchasing. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ. The delivery documentations are maintained. Certificate code and claim are included in the invoice and packing list from suppliers for certified wood fibre. However, none of the trade and transport documents include the forest of origin.</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 plantations established before 1994**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding:</p> <p>The mill is not responsible for sourcing of wood pulp. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ. There are 7 pulp suppliers supplying the mill which are included in the corporate verification audit scope.</p> <p>According to the organization, 2 suppliers are sourcing from plantations from South Africa. The organization provided FSC's national risk assessment for South Africa and it shows that no licenses have been issued since 1994, for the conversion of natural forest to plantations. No record of such licenses is available before 1994. According to FSC's national risk assessments, category 4: wood from forests being converted to plantations or non-forest use is graded as Low Risk. Both these 2 suppliers sourcing from South Africa are providing FSC Mix 70% certified pulp to the mill. the indicator on plantation for these 2 suppliers is considered as "Commitment Met".</p> <p>According to the organization, other 4 suppliers are sourcing from semi-natural forests. 3 from Europe and 1 from North America.</p> <p>For the 3 suppliers sourcing from Europe:</p> <ul style="list-style-type: none"> - One provided 100% PEFC certified pulp using Norway spruce which claimed to be sourced from Austria and Germany. <p>Based on FAO's definitions (page 5, i8661en.pdf (fao.org) European spruce forests are categorized as semi-natural forests, not plantations.</p> <ul style="list-style-type: none"> - Other two provided FSC Controlled Wood and 100% PEFC certified pulp to the mill which are sourced from semi-natural forests in Europe. <p>For the one sourcing from North America:</p> <p>The supplier provides FSC Mix Credit certified pulp to the mill.</p> <p>According to this supplier's Sustainable Forestry Policy, it mentions exclusively supply from "forests". Note the difference to this supplier's Group policy which talks of "plantations" and "forests". This material holds either FSC Mix, FSC Controlled Wood and/or PEFC claims. Based on the information provided alone, the Company does not have sufficient information to confirm or refute that material does not originate from plantations established post-1994. Therefore,</p>
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	this indicator is graded as Commitment in Progress.
<p>Summary:</p> <p>According to producer, Lenzing does not source from natural forests, only from semi-natural forests and plantations. Relevant evidence is provided for each pulp suppliers. The Company sources FSC Mix material, which could contain some portion of FSC 100% material – material which would exclude post-1994 plantations. FSC Controlled Wood material and PEFC material do not guarantee avoidance of sourcing from plantations established post-1994.</p>	

4. Since the signature of the Policy, all sourcing from ancient and endangered forests or other controversial sources have been eliminated.	
Indicators	Findings
<p>4.1 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>Conformance with Indicator:</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>Description of the finding:</p> <p>The interviews to the management confirmed they were aware all relevant laws and regulations.</p> <p>Auditor reviewed the legally required documents in China, such as business licence, environmental impact assessment, export license, etc.</p> <p>At the time of this audit, there is no news and info disclosed that the organize is non-compliance with national and international laws.</p>
<p>4.2 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 Priority Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and from controversial sources.</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>The mill is not responsible for sourcing of wood pulp. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ. By interviews, the management of the mill demonstrated their understandings on ancient and endangered forests and controversial sources.</p>

	See findings above in Appendix A for conclusions on sourcing done by HQ.
<p>4.3 Production mills have conducted assessment of presence of Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial forests in their wood supply areas.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The mill is not responsible for sourcing of wood pulp. The pulp procurement is managed by the HQ and the mill purchases pulp from the HQ. By interviews, the management of the mill demonstrated their understandings on ancient and endangered forests and controversial sources.</p> <p>See findings above in Appendix A for conclusions on sourcing done by HQ.</p>
<p>4.4 The sourcing from regions that contain Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources is verified to low risk by this CanopyStyle audit.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Detailed findings please refer to indicator 4.3.</p>
<p>Summary: Auditor reviewed the legally required documents in China, such as business licence, environment impact assessment, export license, etc. By interviews, the management of the mill demonstrated their understandings on ancient and endangered forests and controversial sources. 6 of the 7 pulp mills are graded as low risk according to the CanopyStyle Classification Tool for Dissolving Pulp. The last one, according to organization, is also complying with the organization's wood and pulp policy as well as CanopyStyle Initiative Guideline and has undergone its own CanopyStyle supplier audit in 2022.</p> <p>The organization has conducted the internal risk assessment on their supply chains to understand the risk of sourcing from other controversial sources. The assessment result and evidence are provided during audit.</p>	
<p>5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them</p>	
<p>Indicators</p>	<p>Findings</p>
<p>5.1 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</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress</p>

in such cases where non-conformances are identified.	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Supplier performance monitoring program was conducted by the headquarter.
Summary: Supplier performance monitoring program was conducted by the headquarter.	

Appendix C: STANDARD CHECKLIST (CanopyStyle Verification Framework –Dissolving Pulp Suppliers and Forest Level Verification Checklist)

1. Evaluation of Participating site: Lenzing Biocel Paskov a.s.

Primary Responsible Person: (Responsible for control system at site(s))	PEFC and FSC Specialist (Lenzing Biocel Paskov) Certification Specialist Purchasing Wood (Lenzing AG)
Auditor(s):	Michal Rezek
People Interviewed, Titles:	Head of wood acceptance 2 HR specialists Quality Manager
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 3.3 above for Description of Overall Audit Process.</i>
Comments:	No comments

2. Standard Checklist

1. The producer is committed to be in compliance with their MMCF customer's Fiber Sourcing/Forest Policies and the goals of the CanopyStyle Initiative.	
Indicators	Findings
1.1 The suppliers is aware of the policies of the MMCF customers and understand its responsibility to be in full compliance with it.	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available

	<p>Description of the finding: According to the interviews with several staff the dissolving pulp supplier is aware of the MMCF producer policy (Wood and Pulp Policy of the Lenzing group, later Policy) and the Global Code of Conduct. These two documents cover the CanopyStyle Framework Commitments. As Lenzing Biocel Paskov is part of the Lenzing Group and sells all its products through Lenzing Group (Pulp and Trading GmbH) the Wood and Pulp policy signed by the Lenzing Board members in October 2021 is in practice its policy. The purchasing organisation for Lenzing Biocel Paskov a.s. is Wood and Paskov s.r.o. (the company also purchase material for the large sawmill, that is located next to the Organisation and supplies it with chips). It was not clear how the Organisation informs its suppliers about the Wood and Pulp Policy. The interviewed staff proposed to make a link to the Policy from the purchasing contract that is being used for all suppliers.</p>
<p>1.2 The supplier has procedures, or specific due diligence system, in place that shows it is compliant with the MMCF producer's policy.</p>	<p>Conformance with Indicator:</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>Description of the finding: The supplier has developed its Guideline FSC and PEFC Due Diligence System (DDS) – S222 that guides the company purchasing process. S222 does not cover all the CanopyStyle Commitments on avoiding sourcing from Ancient and Endangered forests and other controversial sources. The company uses this procedure for its purchasing process and practically makes sure all its wood and chips input are controlled against FSC CW standard. The DDS does not fully address the Wood and Pulp Policy and Global Code of Conduct. The company is currently working on merging its DDS (S222) with the DDS procedure of Lenzing AG (LAG – GUI-10011).</p>
<p>Summary: The producer company is generally aware of the CanopyStyle Commitments and Lenzing Group's Wood and Pulp Policy. It was not clear how the Organisation informs its suppliers about the Wood and Pulp Policy. The producer's sourcing procedure (DDS) does not fully address the Wood and Pulp Policy and Global Code of Conduct.</p>	

<p>2. The dissolving pulp producer only sources raw material from suppliers that are transparent, traceable and are in conformance with their MMCF customer policy</p>	
<p>Indicators</p>	<p>Findings</p>
<p>2.1 The dissolving pulp production site/mill maintains a list of suppliers, as well as all</p>	<p>Conformance with Indicator:</p>

<p>purchase and sales documentation related to the wood fiber inputs. Documentation must include an identification of the forest of origin, and certification status if relevant.</p>	<p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: The producer has provided its suppliers list and demonstrated it has purchase and sales documentation related to all wood fibre inputs (pulp wood and chips). At the time of the audit the producer worked with 109 suppliers of pulpwood and 40 suppliers of chips. In 2021 the countries of origin were Czech Republic (84% of the amount), Slovakia (8,7%), Poland (2,1%), Austria (2,9%) and Germany (2,3%). Forest of origin is known for all its inputs. Certification status is also clear on all invoices and delivery notes. The auditor visited material reception, interviewed the Head of Wood acceptance, observed the company new system for input acceptance that allows all suppliers to manage their deliveries and also create a delivery note prior it is brought to the company gate in a planned delivery time. The auditor sampled delivery notes from 2021 e.g. 5359 from supplier for FSC 100% pulpwood from Slovakia, 30624 for FSC CW pulpwood and 29288 and 29286 for FSC CW from Czech suppliers and related invoices.</p>
<p>2.2 The mill/production site maintains all delivery documentation received with the wood fiber inputs. Documentation must include an identification of the forest of origin, and certification status if relevant.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: All delivery notes and other documents (such as custom declarations) are stored by the company in its IS and paper form both from wood and chips. According to Czech legislation the retention of documents is at least 10 years, and this is implemented. The forest of origin is clear up to the FMU level for all the pulp wood purchased and on the country level for chips. The company has system of audits for risk of mixing of controlled material with uncontrolled sources and implements it by doing audits on sample of its suppliers (traders that are evaluated for risk of mixing using special risk matrix). This allows to mitigate risk of sourcing uncontrolled chips from other then 5 sourcing countries.</p>

<p>2.3 When sourcing from certified materials or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The interviews and document review on material reception gate showed FSC and/or PEFC certification code and claim were present on all documentation. The internal IS is designed in a way that for each supplier the codes and claims are pre-entered, and the supplier confirms it prior to physical delivery on the company gate. Company self-billing system mirrors the information made on the delivery notes. At the same time company is checking validity and scope of suppliers' certificates.</p>
<p>2.4 The production site maintains a summary of annual purchases and then sales to the MMCF products.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company presented its summary of annual purchases and sales.</p> <p>All the production is sold within the Lenzing Group, to the trading company Pulp Trading GmbH that supplies Lenzing Lyocel sites around the world plus potentially external MMCF producers.</p>
<p>Summary: The producer has provided its suppliers list and demonstrated it has purchase and sales documentation related to all wood fibre inputs (pulp wood and chips). The company has info on certification status of its supply and forest of origin for all wood inputs and country of origin for chips inputs. The company maintains summary of annual purchases and sales.</p>	

<p>3. No conversion of natural forest to plantations * *As defined by Forest Stewardship Council Principles and Criteria - definitions</p>	
Indicators	Findings
<p>3.1 The initial date of the plantation development has been documented and sourcing only occurs in plantations established before 1994.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p>

	<p>Description of the finding: The company does not source wood from plantations as defined by FSC Principles and Criteria. The sourcing countries were Czech Republic, Slovakia, Germany, Austria and Poland where forests are classified as semi-natural.</p>
<p>Summary: The company does not source wood from plantations as defined by FSC Principles and Criteria.</p>	

4. Any sourcing from Ancient and Endangered forests and other controversial sources have been eliminated

Indicators	Findings
<p>4.1 The dissolving pulp supplier 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>Conformance with Indicator:</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>Description of the finding: During the interview with the Canopy responsible person, it was mentioned the producer has its legal department that deals with legality of the company performance in different aspects. No evidence of non-compliance with local, national or international laws were observed. Searching on public websites also did not bring any contrary information.</p>
<p>4.2 The dissolving pulp supplier has conducted an assessment of presence of Ancient and Endangered forests as <i>outlined in the Advice Note</i> and other controversial sources in their wood supply areas .</p>	<p>Conformance with Indicator:</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>Description of the finding: Assessment of Presence of Ancient and Endangered Forests was done by the Lenzing team. According to the interview with responsible staff there were indicated Ancient and Endangered forest in Sumava National Park, in the south of Czech Republic within the sourcing radius of the company found. The company does not consider it as Priority Ancient and Endangered forests (which is in line with the Advice Note) and thus in line with the advice note it does not consider the wood coming from these areas as to be avoided. The harvesting in the National Park is controlled by the care plans developed by the National Park. Harvesting of the AE is practically not possible as they are "covered"</p>

	<p>by nature protection reserves and 1st and 2nd zones of the National Park.</p> <p>No sourcing from Priority Ancient and Endangered Forests and Intact Forest landscapes.</p>
<p>4.3. Wood suppliers comply with the commitment to not supply wood from Priority Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources.</p>	<p>Conformance with Indicator:</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>Description of the finding: No sourcing from Priority Ancient and Endangered forests is possible as the company does only source from areas where they do not occur. The company sources from Czech Republic, Slovakia, Germany, Austria and Poland and has a system to identify the forest of the origin for it supplies as could be seen in the supplier list. The same applies for other controversial sources.</p>
<p>4.4 Wood suppliers comply with the commitment to not supply wood from Other Ancient and Endangered forests, as <i>outlined in the Advice Note</i>.</p>	<p>Conformance with Indicator:</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>Description of the finding: Sourcing from Other (not Priority) Ancient and Endangered forests is theoretically possible as there are some located in the south of the Czech Republic according to ForestMapper. The company manages the risk by making sure all material is controlled to be in line with FSC Controlled Wood Centralized National Risk Assessment for the Czech Republic. There are two specified risks in regard to HCV forests. The company has a system to mitigate the risks by field audits conducted by its external expert (sampling is used) with focus on FMUs that have been identified as controversial by state Agency for Nature and Landscape Protection. The company DDS Procedure (S222) describes the methodology and the company has right to quit the contract with its supplier if the wood is sourced from FMU where HCVF are endangered by the forestry activities.</p>
<p>4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding: As described above the company has a strong system to get to know the origin of the wood it is purchasing up to the FMU level. GPS tracking system is used for truck deliveries to crosscheck the data (for the material delivered by trucks, some other is delivered by train). The auditor checked how the company DDS Procedure (S222) is implemented (mostly for the purpose of the FSC certification audits) and thus can conclude the commitment not to source from ancient and endangered forests and other controversial sources is being verified.</p>
<p>Summary: No evidence of non-compliance with local, national or international laws were observed. No sourcing from Priority Ancient and Endangered forests is possible as the company does only sources from areas where they do not occur. Sourcing from Other (not Priority) Ancient and Endangered forests is theoretically possible as there are some located in the south of the Czech Republic according to ForestMapper. The company manages the risk by making sure all material is controlled to be in line with FSC Controlled Wood Centralized National Risk Assessment. The company has a strong system to get to know the origin of the wood it is purchasing up to the FMU level and on a country level for chips. Company DDS is a mitigation from sourcing from Other Ancient and Endangered that would be threatened by the forest management or other controversial sources.</p>	

5. If suppliers contravene these criteria, the dissolving pulp producer will eliminate the risk or engage the supplier to change practices	
Indicators	Findings
<p>5.1 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the MMCF customer policy and sanctions to suppliers in such cases where non-conformances are identified.</p>	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding: The company representatives explained DDS is the guiding document that manages work with suppliers. Procedure S222 has provision on dealing with non-conforming suppliers. In the contract with suppliers that is publicly available at Wood Paskov certification sites http://www.woodpaskov.com/data/WP-KS-vlknina.pdf?088b6941c1f1c292f0ba08e8e0fdc62b the company reserves the right to impose measures on suppliers if the purchasing conditions are not met by the suppliers or nonconformances identified (up to the level of withdrawal of the material supplied and the supplier). There is however no reference to the</p>

	<p>DDS nor the Wood and Pulp Policy nor the Code of Conduct.</p>
<p>5.2 The MMCF producer has developed procedures for engaging with suppliers, including an option of withdrawing from purchase and other agreements in situations where non-conformance is found. **</p> <p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>Procedure S222 has provision on dealing with non-conforming suppliers. In the contract with suppliers that is publicly available at Wood Paskov certification sites http://www.woodpaskov.com/data/WP-KS-vlaknina.pdf?088b6941c1f1c292f0ba08e8e0fdc62b the company reserves the right to impose measures on suppliers if the purchasing conditions are not met by the suppliers or nonconformances identified (up to the level of withdrawal of the material and the supplier). There is however no reference to the DDS nor the Wood and Pulp Policy nor the Code of Conduct. So in the view of the auditor, it is questionable whether a failure of meeting the company sourcing policies (non-conformances with them) would mean a legal and contractual issues for withdrawing from purchase.</p>
<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found **</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>The company demonstrated it has several occasions when they have withdrawn from supply agreements with suppliers based on their sourcing from FMUs that has been on list of controversial FMUs. The e-mail communication with suppliers was showed to the auditor during the audit. E.g., in 2020 one sub-supplier was withdrawn based on information on the potential sourcing from FMUs that were evaluated as controversial by Agency for Nature and Landscape Protection. Another supplier – trader with pulp wood - was informed to stop supplying from the FMU in September 2022. Sourcing from other FME (on the AOPK list) was banned in 2019.</p>
<p>Summary: Procedure S222 has provision on dealing with non-conforming suppliers. In the contract with suppliers the company reserves the right to impose measures on suppliers if the purchasing conditions are not met by the suppliers or nonconformances identified. There is however no</p>	

reference to the DDS nor the Wood and Pulp Policy nor the Code of Conduct. The company demonstrated it has several occasions when they have withdrawn from supply agreements with suppliers based on their sourcing from FMUs that has been on list of controversial FMUs.

Indicator 6 - IMPORTANT Exceptional Element

The verification audit is intended to verify that MMCF producers are not sourcing from Priority Ancient and Endangered forests or other controversial sources and have met very specific criteria (see 4.4 above) if sourcing from Other Ancient and Endangered Forests. However, there are rare exceptions globally where Priority Ancient and Endangered forests are managed in a comprehensive strategy that forwards bold scientifically-based conservation thresholds, FSC management is in place within the forests or plantations and conservation economies that support local (in many cases Indigenous) communities are being forwarded. These are the exceptions this indicator will audit for.

The three criteria to meet this indicator include:

- ☑ Large-scale scientifically-based thresholds of conservation* have been met. Note: Where conservation has not yet been legislated or established by governments (including Indigenous governments) or in jurisdictions where legislated conservation is vulnerable due to lack of enforcement, forest companies must have put in place adequate scientifically-based thresholds of moratoria areas and demonstrate a clear process to support the conservation of these areas and/or timelines to see legislation (or formal designation by traditional rights' holders) established AND
- ☑ Where logging is permitted outside these conservation/moratoria areas, FSC* is a minimum requirement. AND
- ☑ On a case-by-case basis additional conditions may be identified (e.g., related to restoration or community rights and reconciliation may be warranted. These case-by-case conditions will be specified by Canopy prior to auditing with the framework highlighted in peach below.

*i.e. large scale science-based conservation planning is expected to yield approximately 50-80% protection. Recommended thresholds of conservation may vary depending on forest type and geographical location.

6. If sourcing from Priority Ancient and Endangered forests, the dissolving pulp producer (and/ore suppliers) can document that the three criteria listed above are in place.

Indicators	Findings
<p>6.1 The dissolving pulp supplier shares documentation that large-scale scientifically-based thresholds of conservation have been met in its sourcing area, as well as protections for species at risk.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input 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>Description of the finding:</p>
<p>6.2 The dissolving pulp supplier is utilizing FSC certified inputs and is producing FSC products.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding:
6.3 The dissolving pulp producer requires all of its suppliers to adhere to all elements in 6.1 to protect large-scale areas based on scientific thresholds for conservation.	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding:
6.4 The dissolving pulp producer requires of its suppliers and/or their associations to have 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. **	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding:
Summary: Not applicable as no sourcing from Priority Ancient and Endangered forests	

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.	
Indicators	Findings
7.1 The production site/mill has developed and requires its forest/wood suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. **	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: No indigenous people and local communities live in the sourcing area.
7.2 Forest/wood 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. **	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available

	<p>Description of the finding: No indigenous people and local communities live in the sourcing area. The company and large amount of its suppliers are FSC and/or PEFC certified. The FSC suppliers as well as the producer must comply with the FSC Core Labour Requirements on workers' rights and fill in the FSC Core Labour Requirements Self-declaration. The producer did not have this document ready as it only need to comply with the requirement by the end of 2022. Lenzing Group Code of Conduct in Czech language, that also commits to the respecting rights of workers, is available for suppliers and the public on the Lenzing websites.</p>
<p>7.3 The MMCF producer and its forest/wood 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The producer has its complaint mechanism in place, has a procedure for it that is also used for the purpose of compliance with FSC and PEFC certification system. Most (but not all) its suppliers are FSC and/or PEFC certified so shall meet conditions on handling of complaints and their resolution. The producer informs their suppliers about their complaint mechanism at the company website.</p>
<p>7.4 The MMCF producer and its forest/wood suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: According to the interviews with HR people the HR department in the company employs 9 people with different tasks. It is considered sufficient for the size of the company (over 500 employees). HR department has solid structure with its head as part of the company management team.</p> <p>During the audit the auditor could not assess if the suppliers (it is more than 150 of direct ones) has developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p> <p>Updated finding: The organisation provided explanation that all suppliers were asked to sign the Lenzing Global Code of Conduct</p>

	<p>(which was a known fact to the auditor) and that this code includes requirements on various rights of workers and labour standards (such as working age and child labour, forced labour, non-discrimination working hours and compensation and humane treatment) and that by signing this document the company ensures recognition and respect the right of suppliers' workers. Thus, the Commitment Met conclusion can be concluded.</p>
<p>7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers (forest/wood suppliers) uphold the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>	<p>Conformance with Indicator:</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>Description of the finding:</p> <p>During the audit interview the company representative answered all requirements of ILO conventions are included its policies (Code of Conduct) however no procedures were presented that would support compliance with this requirement. The documents (Contracts) signed between the producer and the suppliers do not specifically mention that ILO conventions must be uphold. On the other hand, the ILO conventions are incorporated to the national legislation in all sourcing countries.</p> <p>The FSC suppliers as well as the producer must comply with the FSC Core Labour Requirements on workers' rights and fill in the FSC Core Labour Requirements Self-declaration by the end of 2022. This was not conducted by the producer so far.</p> <p>The company presented its workers can freely organize in labour unions and there are two labour unions working within the company:</p> <ul style="list-style-type: none"> - Nezávislá odborová organizace BIOCEL - Základní organizace Odborového svazu ECHO Biocel Paskov.
<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>Conformance with Indicator:</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>Description of the finding: Recognition and respect for human rights is demonstrated and it is explicitly mentioned in the company policies (code of conduct -</p>

	<p>https://www.lenzing.com/?type=88245&tx_filedownloads_file%5bfileName%5d=fileadmin/content/PDF/08_Corporate_Governance/Richtlinien_und_Kodizes/CS/code_of_conduct_CS.pdf that exist also in Czech language). There is no evidence of avoiding or falling to resolve social conflicts and remedy past or current human rights violations.</p>
<p>Summary: No indigenous people and local communities live in the sourcing area. The producer has its complaint mechanism in place, has a procedure for it that is also used for the purpose of compliance with FSC and PEFC certification system. Most (but not all) its suppliers are FSC and/or PEFC certified so shall meet conditions on handling of complaints and their resolution. The producer informs their suppliers about their complaint mechanism at the company website. Producer´s HR department has solid structure and sufficient internal capacity to recognize and respect the rights of its workers. During the audit interview the company representative answered all requirements of ILO conventions are included its policies (Code of Conduct) however no procedures were presented that would support compliance with this requirement. The documents (Contracts) signed between the producer and the suppliers do not specifically mention that ILO conventions must be uphold. On the other hand, the ILO conventions are incorporated to the national legislation in all sourcing countries.</p> <p>The FSC suppliers as well as the producer must comply with the FSC Core Labour Requirements on workers' rights and fill in the FSC Core Labour Requirements Self-declaration by the end of 2022. This was not conducted by the producer so far.</p> <p>Recognition and respect for human rights is demonstrated and it is explicitly mentioned in the company policies. There is no evidence of avoiding or falling to resolve social conflicts and remedy past or current human rights violations.</p>	

Appendix D: RECOMMENDATIONS FOR IMPROVEMENT

Recommendations for Lenzing for continuous improvement

November 2022

Canopy applauds Lenzing for being the first MMCF producer to complete its third CanopyStyle audit. The report concludes that the company has invested resources in monitoring suppliers and implementing its wood procurement policy, and has made significant progress in the production of next generation solutions, as well as support for conservation solutions. However, due to some new sources introduced since the last audit, there is potential risk of sourcing from Ancient and Endangered Forests. The company has been made aware of this, and has expressed plans to eliminate any possible risk.

The CanopyStyle audit is a learning opportunity, and in the spirit of continuous improvement, Canopy recommends the following next steps:

1. Update the company risk assessment and work to mitigate and/or eliminate any potential risk brought into the supply chain through new pulp suppliers.
2. Integrate the protection of rights of First Nations and Indigenous Peoples into the Code of Conduct required of all suppliers.
3. Update the company's action plan to increase the amount of FSC-certified fibres used, with an emphasis on FSC 100%.

We recommend that the company update its action plan to address these priority issues, so that they can be addressed before the next annual audit.

As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will be essential to ensure that Lenzing continues to implement its policy and meets the expectations of the CanopyStyle Initiative.

Once again, we commend Lenzing on the timely completion of their third audit. We look forward to working collaboratively together to address any outstanding issues.