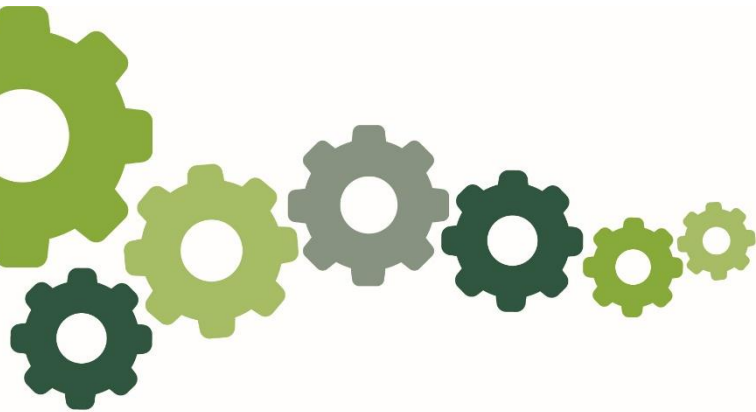


Certified by:



Public Certification Summary for FSC Controlled Wood Certification (FSC-STD-40-005)

for Lenzing AG

Annual audit 2020

Report date: 4.12.2020

Audit date(s): 21.9., 22.9., 23.9., 24.9., 28.9., 29.9., 30.9., 1.10., 2.10., 15.10., 29.10.2020

Certificate code: NC-COC-007736, NC-CW-007736

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INTRODUCTION

NEPCon is an international, non-profit organisation that delivers sustainability services and engages in innovation projects to facilitate the transformation of business practices and consumer behaviour to promote the responsible use of natural resources. 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, NEPCon offers timely and cost-effective certification services around the world.

The purpose of this report is to comply with requirements of accreditation standard FSC-STD-20-011 V4-0, which requires certification body to publish a certification summary for the controlled wood evaluation according to standard FSC-STD-40-005 V3 on FSC database.

If there are any necessary follow-up actions required by your Organisation, they are outlined in an Audit Conclusions section of this report.

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

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

1. AUDIT CONCLUSIONS

1.1. Certification Decision

Based on auditor's recommendation and NEPCon quality review, the following certification decision is taken:	
NEPCon certification decision:	Certification approved
Certification decision by (name of the person):	Christian Rahbek
Date of decision:	December 4, 2020
Date of updated decision if additional audit (e.g. corrective action verification or scope change) was conducted:	N/A

1.2. Non-Conformity Reports (NCRs)

NCRs describe evidence of Organisation non-conformities identified during audits. NCRs include defined timelines for the Organisation to demonstrate conformity. MAJOR NCRs issued during assessments/reassessments shall be closed prior to issuance of certificate. MAJOR NCRs issued during annual audits shall be closed within timeline or result in suspension.

NCR number: 49472	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	FSC-STD-40-005 V3-1 - 4.6		
Description of Non-conformance:			
Central office: The company contacted AOPK (Nature Conservation Agency of the Czech Republic) to discuss how to mitigate the risk of origin as part of its stakeholder consultation. During this process it contacted Regional office of AOPK in Beskydy via phone where some feedback on sourcing from the area was obtained. However the company was not able to show any report from this phone call. According to the company representative responsible for the stakeholder consultation the company did not made any record.			
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:	PENDING		

Evaluation of Evidence:	PENDING
NCR Status:	Open
Comments (optional):	-

1.3. Closed Non-Conformity Reports (NCRs)

NCR number: 40128, 2019	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	FSC-STD-40-005 V3-1 – 3.4		
Description of Non-conformance:			
To mitigate the risk of mixing in its supply chain the company does evaluation of risk for each trader in its supply chain according to its risk matrix. If the trader scores under 20 points (out of 30) the field evaluation may be needed. The auditor checked sample of these desk evaluations and found the case of one supplier (trader) for which the company did not evaluate the risk of mixing and another supplier where the risk of mixing was not correct (more points was issues that it shall be according to risk matrix).			
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:	The company presented the supplier list with scores for traders. Interview with the purchasing staff from Czech Republic and the FSC responsible person was conducted. Visit of trader with pulpwood in the Czech was conducted on 1.10.2020 and the company supplier audit was witnessed. The root cause of the nonconformity was identified as the exceptional human error. The company has 750 suppliers.		
Evaluation of Evidence:	The interviews showed the company responsible people both in the purchasing department and also in the field are aware on how to use the risk matrix. The audit team witnessed the supplier audit of the Czech trader and concluded the audit was done well and in line with company own procedures. Risk of mixing for the trader was proved to be as evaluated in the supplier list and scores for traders were done according and in line with		

	the risk matrix – the company system for evaluation of risk of mixing. The organisation also presented minutes from meetings of the purchasing department where their field staff repeatedly received the training on how to use the risk matrix. The root cause was thus addressed.
NCR Status:	Closed
Comments (optional):	The auditor evaluated these cases as individual mistakes (the company has hundreds of suppliers) and minor NCR is raised.

NCR number: 49474	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	FSC-STD-40-005 V3-1 - 1.2		
Description of Non-conformance:			
Lenzing site: The Organisation presented the overview of its supply chains for countries with specific risk designation for risk of origin. The sub-suppliers (FMUs) for several direct suppliers are not mentioned. For some other suppliers the documents lists "all Czech State Forest". It also includes mistakes in designation if the suppliers is a trader or forest management company.			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	3 months		
Client evidence:	The company submitted updated suppliers' list for its controlled wood deliveries right after the audit. The root cause of the non-conformity was identified as oversights done when creating the document.		
Evaluation of Evidence:	The organization submitted the updated list of suppliers, which includes sub-suppliers for all relevant traders and lists specific administration units of Czech State Forests. It also rightly differentiates between traders and forest management companies. The root cause of the non-conformity was addressed by improved understanding of the company FSC responsible person and precise gathering of information for the supplier list.		
NCR Status:	Closed		
Comments (optional):			

NCR number: 49475	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	FSC-STD-40-005 V3-1 - 6.2		
Description of Non-conformance:			
Lenzing site: The DDS summary is not fully up-to-date and does not include specific findings from implementation of control measures for mitigating risk of mixing. DDS lists company control measure for risk indicator 1.21 of CNRA for Hungary while the CNRA states low risk for this indicator.			
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
NCR conformance deadline:	3 months		
Client evidence:	The company submitted updated DDS Summary. The auditor checked it.		
Evaluation of Evidence:	The updated DDS describes the control measures taken to mitigate risk of mixing and its results. The DDS summary no longer mentions risk indicator 1.21 of CNRA for Hungary.		
NCR Status:	Closed		
Comments (optional):	The NCR was graded as a major as there was an recurrence of non-conformity with the standard requirement.		

Appendix A: Description of the Due Diligence System, including information provided by the organisation according to FSC-STD-40-005 V3-1, Section 6

1. General information

Organisation name:	Lenzing AG
FSC certificate code:	NC-COC-007736, NC-CW-007736
Organisation's DDS contact person:	Andrea Steinegger
DDS prepared/assisted by:	Andrea Steinegger
Date last reviewed/updated (by the organisation):	21.09.2020

2. Suppliers

Participating site	Non-certified material type sourced	Exact number of suppliers	Supplier type(s)	Average no. of tiers in the supply chains	Approximate or exact number of sub-suppliers
<i>Name of organisation's site. Name of organisation's site. All applicable sites shall be included.</i>	<i>Describe the type of product supplied e.g. logs, sawn logs, chips, wood pulp, etc.</i>	<i>Number of suppliers directly supplying material to the site</i>	<i>E.g. Forest management enterprise, Broker/trader without physical possession, Primary processor, Secondary processor, Distributor/wholesaler.</i>	<i>Average number of organisations within the supply chains, from forest to suppliers.</i>	<i>Total number of organisations that are sub-suppliers (indirect suppliers, or suppliers of your direct suppliers) within all supply chains</i>
LAG	Logs, chips	417 supplier	291 FMUs, 123 Trader, 3 Saw-Mills	One and two	Approximately 1000

3. Supply areas

Supply area	Controlled wood category	Reference to risk assessment used	Risk designation
<i>The description should allow the identification of an area with a homogeneous risk designation in the applicable risk assessment for each controlled wood category. This is a geographic description (including country of origin) and may also include a functional scale/source type, where the risk assessment differentiates risk based on characteristics such as type of forest (e.g. natural forest or plantation), ownership (e.g. state or private-owned), etc.</i>		<p><i>If an NRA or CNRA is used, include the document title on FSC Document Centre. E.g. the title for the CNRA for Poland is „FSC-CNRA-PL V1-1“ (see https://ic.fsc.org/en/document-center/id/238).</i></p> <p><i>If a company risk assessment or extended company risk assessment is used, write this and refer to the Annex containing the risk assessment.</i></p>	<i>Select the relevant risk designation for the supply area and controlled wood category from the drop-down menu.</i>
Austria	1	NRA (FSC-NRA-AT V1-0)	Low risk
	2	NRA (FSC-NRA-AT V1-0)	Low risk
	3	NRA (FSC-NRA-AT V1-0)	Low risk
	4	NRA (FSC-NRA-AT V1-0)	Low risk
	5	NRA (FSC-NRA-AT V1-0)	Low risk
Germany	1	NRA (FSC-NRA-DE V1-0)	Low risk
	2	NRA (FSC-NRA-DE V1-0)	Low risk
	3	NRA (FSC-NRA-DE V1-0)	Low risk
	4	NRA (FSC-NRA-DE V1-0)	Low risk
	5	NRA (FSC-NRA-DE V1-0)	Low risk
France	1	NRA (FSC-NRA-FR V1-0)	Low risk
	2	NRA (FSC-NRA-FR V1-0)	Low risk
	3	NRA (FSC-NRA-FR V1-0)	Low risk
	4	NRA (FSC-NRA-FR V1-0)	Low risk
	5	NRA (FSC-NRA-FR V1-0)	Low risk
Switzerland	1	CNRA (FSC-CNRA-CH V1-0)	Low risk

	2	CNRA (FSC-CNRA-CH V1-0)	Low risk
	3	CNRA (FSC-CNRA-CH V1-0)	Low risk
	4	CNRA (FSC-CNRA-CH V1-0)	Low risk
	5	CNRA (FSC-CNRA-CH V1-0)	Low risk
Czech Republic	1	CNRA (FSC-CNRA-CZ V1-0)	Low risk
	2	CNRA (FSC-CNRA-CZ V1-0)	Low risk
	3	CNRA (FSC-CNRA-CZ V1-0)	Specified risk
	4	CNRA (FSC-CNRA-CZ V1-0)	Low risk
	5	CNRA (FSC-CNRA-CZ V1-0)	Low risk
Slovakia	1	CNRA (FSC-CNRA-SK V1-0)	Specified risk
	2	CNRA (FSC-CNRA-SK V1-0)	Specified risk
	3	CNRA (FSC-CNRA-SK V1-0)	Specified risk
	4	CNRA (FSC-CNRA-SK V1-0)	Low risk
	5	CNRA (FSC-CNRA-SK V1-0)	Low risk
Hungary	1	CNRA (FSC-CNRA-HU V1-0)	Specified risk
	2	CNRA (FSC-CNRA-HU V1-0)	Low risk
	3	CNRA (FSC-CNRA-HU V1-0)	Low risk
	4	CNRA (FSC-CNRA-HU V1-0)	Low risk
	5	CNRA (FSC-CNRA-HU V1-0)	Low risk
Slovenia	1	CNRA (FSC-CNRA-SI V2-0)	Specified risk
	2	CNRA (FSC-CNRA-SI V2-0)	Low risk
	3	CNRA (FSC-CNRA-SI V2-0)	Low risk
	4	CNRA (FSC-CNRA-SI V2-0)	Low risk
	5	CNRA (FSC-CNRA-SI V2-0)	Low risk

4. Risk assessment and mitigation

4.a Risk mitigation for the origin of the material

Supply area: Czech Republic, Hungary, Slovakia		
Indicator	Control Measures	Findings from field verification if undertaken as a control measure
<p><i>Number of the indicators designated specified or unspecified risk in the applicable risk assessment. Note that the number of applicable indicators will change depending on the type of risk assessment used, and not all will be applicable to company risk assessments and 'old' national risk assessments.</i></p>	<p><i>Describe the control measures implemented to mitigate the risk and describe their desired outcome.</i></p> <p><i>Describe the activities conducted to verify the effectiveness of the control measures. Include information on the cycle (how often you conduct verification), number of audits, justification of sampling intensity, and the key results of the audits. If you found non-conformities, state steps taken to address them.</i></p>	<p><i>Summarise findings, if field verification was conducted.</i></p> <p><i>Describe steps taken to address any non-conformities found, unless confidential.</i></p> <p><i>If information is deemed confidential and not published, provide a justification for this.</i></p>
Controlled wood category 1. Illegally harvested wood (specified risk in Cat. 1 occurs in following LAG-sourcing countries: Slovakia, Slovenia, Hungary.		
1.4 (Slovakia, Hungary, Slovenia)	<p>SK: Spruce is not procured within DDS.</p> <p>HU: asking for harvesting permits for each load of timber, check if names and signatures are in line with all documents, the documents should be aligned.</p> <p>SI: Trading fuelwood is not the aim of LAG CM: asking for documents like harvesting permits which should be available for the each load of timber and compare the figures on the transport document with the amount of timber per specie in the load, the documents should be aligned.</p>	<p>SK: n.a.</p> <p>HU: broken supply-chain with one supplier (sub-supplier is FSC-certified), seven field-audits are done with the outcome of no nonconformities.</p> <p>SI: broken supply-chain with one supplier (sub-supplier is FSC-certified).</p>
1.6 (Slovakia)	<p>SK: Verification of declaration „protection and special purpose forests“ (area, changes in area compared to previous forest management plan, who initiated declaration). During the first control of forest management unit (FMU) a verification will be done (after approvment of the new forest management plan another verification will be done).</p>	<p>SK: During the period 1-8/2020 eight field controls were done in forestry entities included in the DDS. Protective forests occurred in seven subjects and special purpose forests in two subjects.</p>

		In one forest management entity, a specified risk associated with declaration of special purpose forests was identified. Deliveries of timber from areas with a specified risk were stopped on the day of the control. At the same time, measures have been taken to prevent the mixing of timber from specified risk area with timber from other parts of the forestry entity that can be considered as controlled material.
1.9 (Slovakia)	<p>SK: The initial assessment requires obtaining information about whether protected areas within a forest entity occurs. Is this the case, stakeholder consultations (State Nature Conservative Authorities, Environmental NGOs) has to be carried out to find out, if nature protection legislation was violated by harvesting activities. If there is information that harvesting activities infringes nature conservation legislation, the timber will not be purchased (precautionary approach) or further investigations must be carried out.</p> <p>If timber will be purchased from forest outside protected areas with a specified risk and its origin can be proven, no control measures needs to be taken.</p>	<p>SK: During the consultation, no information on violations of nature and landscape protection legislation was obtained.</p> <p>During the period 1-8/2020 eight field controls were done in forestry entities included in the DDS. Protected areas with level 3-5 of protection according to national legislation or NATURA 2000 areas occurred in all controlled entities.</p> <p>No information was obtained during the field controls carried out on breaches of nature protection legislation.</p>
1.10 (Hungary)	<p>HU: LAG insists to work with experienced and professional forest operators. Before starting doing business with forest operators, LAG asks for their environmental policy and practical steps to avoid, control and solve spoilage of chemicals, fuels and oils in the forest. A forest inspection is carried out, when work with new forest operators will be started.</p>	<p>HU: All Hungarian suppliers are well known, long business relationships are existing. Before signing a new contract, the companies were asked about their environmental policy. Broken supply-chain with one supplier (sub-supplier is FSC-certified), seven field-audits are done with the outcome of no nonconformities.</p>
1.11 (Hungary)	<p>HU: LAG insists to work with experienced and professional forest operators. Before starting doing business with forest operators, LAG asks for their H&S policies. A forest inspection is carried out, when work with new forest operators will be started.</p>	<p>HU: All Hungarian suppliers are well known, long business relationships are existing. Before signing a new contract, the companies were asked about their H&S policy. broken supply-chain with one supplier (sub-supplier is FSC-certified), seven field-audits are done with the outcome of no nonconformities.</p>
1.12 (Hungary)	<p>HU: LAG insists to work with experienced and professional forest operators. Before starting doing business with forest operators, LAG asks for their employment records and make sure everybody, who is working in the forest is legally employed and insured. A forest inspection is carried out, when work with new forest operators will be started.</p>	<p>HU: All Hungarian suppliers are well known, long business relationships are existing. Before signing a new contract, the companies were asked about their working policy. Broken supply-chain with one supplier (sub-supplier is FSC-certified), seven field-audits are done with the outcome of no nonconformities.</p>
1.21 (Slovakia)	<p>SK: Checking the documentation whether the subjects have developed a DDS according to EUTR and Act 113/2018 Coll., results of controls by Slovak Forestry and Timber Inspection, etc.</p>	<p>SK: During the period 1-8/2020 eight field controls were done in forestry entities included in the DDS. All subjects had developed DDS according to EUTR and Act 113/2018</p>

		Coll. I one forestry entity was carried out also control by Slovak Forestry and Timber Inspection, found minor deficiencies. Deficiencies were already remedied.
Controlled wood category 2. Wood harvested in violation of traditional and human rights (specified risk in Cat. 2 occurs in LAG-sourcing country Slovakia)		
2.2 (Slovakia)	<p>SK: Consultation with stakeholders (mainly Roma associations, as well as civic associations dealing with human and civil rights, state authorities). The purpose of the consultations is to obtain information on forestry entities where there is discrimination of Roma when employing or procuring works and services. Sample controls of forestry entities (interview, control of documentation) if they are applying non-discrimination policy and equal treatment when employing or procuring works and services. Controls are carried out on a sample of suppliers and sub-suppliers throughout the year.</p>	<p>SK: The consultation did not provide any information on discrimination against Roma in the forestry sector.</p> <p>During the period 1-8/2020 eight field controls were done in forestry entities included in the DDS. In each entity, interviews with responsible persons about implementation of non-discrimination principles and equal treatment in employment and procurement of services were conducted.</p> <p>All forestry entities respect the principles of non-discrimination and equal treatment. In six entities, Roma people regularly work as employees or as employees of subcontractors.</p> <p>No information about possible discrimination in employment and procurement of services was occurred.</p>
Controlled wood category 3. Wood from forests in which high conservation values are threatened by management activities (specified risk in Cat. 3 occurs in LAG-sourcing countries Czech Republic and Slovakia. Poland.)		
3.1 (Czech Republic, Slovakia)	<p>CZ: Obtaining information of occurrence of protected areas within forest entities is the main task of LAG Control Measures, it is done in three steps:</p> <ul style="list-style-type: none"> • check, if forest management plan is approved and contains nature care plan; • general consultations with stakeholders - nature protection authorities in the sense of Act No. 114/1992 Coll., on nature and landscape protection, at a frequency of once a year • No sourcing from conflicting FMUs (only statement from regional office of AOPK, which confirms no risk can be the only reason, to start sourcing; suppliers will be asked to provide a positive statement from regional AOPK office). • field verification as an additional control measure. • If timber comes from forests outside protected areas with a specified risk and its origin can be proven, control measures don't need to be taken. <p>SK: Obtaining information on the occurrence of protected areas with a specified risk within forestry entity. Obtaining information is part of the initial assessment of the subject. If such protected areas occur within managed area of the entity, consultations with stakeholders (State Nature Conservancy, environmental NGOs) are carried out. The purpose of the consultations is to find out information whether</p>	<p>CZ: Nature protection authority (AOPK) published a list, which contains conflicting FMUs. LAG starts to implement this new tool in their Control Measures and will it roll out throughout the country step by step. Since 1st of October 2020 suppliers are asked to provide a positive statement of AOPK before starting sourcing. This was first implemented in Counties Bílé Karpaty and Beskydy.</p> <p>If no or no positive statement is provided by the supplier in the conflicting FMU, no sourcing takes place.</p> <p>The additional Control Measure (field-visits) were done (28) and showed clearly that there was no evidence for impacting HCV 3.1.</p> <p>The result of one field control confirmed the risk of origin, which which identified AOPK before.</p>

	<p>harvesting destroy, damage or threaten these protected areas. If information is obtained that management activities could destroy, damage or threaten protected areas, the precautionary principle will be applied and the timber will not be purchased or further investigation (next consultation, field control, etc.) must be carried out. If timber comes from forests outside protected areas with a specified risk and its origin can be proven, control measures don't need to be taken.</p>	<p>SK: During the consultation, no information was obtained that management of forest threatens, damages or destroys protected areas with specified risk.</p> <p>During the period 1-8/2020 eight field controls were done in forestry entities included in the DDS. In each entity, detailed identification of the protected areas with specified risk was carried out. Protected areas with specified risk were identified in all controlled entities. During field controls, no case was found that forest management threatens, damages or destroys these protected areas.</p>
<p>3.3 (Czech Republic, Slovakia)</p>	<p>CZ: Obtaining information of occurrence of protected areas within forest entities is the main task of LAG Control Measures, it is done in three steps:</p> <ul style="list-style-type: none"> • check, if forest management plan is approved and contains nature care plan; • general consultations with stakeholders - nature protection authorities in the sense of Act No. 114/1992 Coll., on nature and landscape protection, at a frequency of once a year • No sourcing from conflicting FMUs (only statement from regional office of AOPK, which confirms no risk can be the only reason, to start sourcing; suppliers will be asked to provide a positive statement from regional AOPK office). • field verification as an additional control measure. • If timber comes from forests outside protected areas with a specified risk and its origin can be proven, control measures don't need to be taken. <p>SK: Obtaining information on possible occurrence of HCV3 forests within forestry entity. Obtaining information is part of the initial assessment of the subject as well as subsequent consultations and field inspections. If such forests are likely to occur in the managed area of the entity, consultations with stakeholders (State Nature Conservancy, environmental NGOs) are carried out. The purpose of the consultations is to find out more accurate information on the occurrence of HCV3 forests and information whether management activities destroy, damage or threaten them. If information is obtained that the management activities could destroy, damage or threaten HCV3 forests, the precautionary principle will be applied and the timber will not be purchased or further investigation (next consultation, field control, etc.) must be carried out. Wood from identified old growth forests and their remnants (http://pralesy.sk/lokality/) is not purchased. Wood from yew (<i>Taxus baccata</i>) is not purchased. Sample controls (documentation and field verification) of forestry entities focused on:</p> <ul style="list-style-type: none"> • whether rare, threatened and endangered forest biotopes are harmed by management activities, 	<p>CZ: AOPK published a list, which contains conflicting FMUs. LAG starts to implement this new tool in their Control Measures step by step. Since 1st of October 2020 suppliers are asked to provide a positive statement of AOPK before starting sourcing. This was first implemented in Counties Bílé Karpaty and Beskydy. It will be rolled out all over CZ.</p> <p>If no or no positive statement is provided by the supplier in the conflicting FMU, no sourcing takes place.</p> <p>The additional Control Measure (field-visits) were done (28) and showed clearly that there was no evidence for impacting HCV 3.1.</p> <p>The result of one field control confirmed the risk of origin, which identified AOPK before.</p> <p>SK: During the consultation, no information was obtained that management of forest threatens, damages or destroys HCV3 areas.</p> <p>During the period 1-8/2020 8 field controls were done in forestry entities included in the DDS.</p> <p>In each entity, identification of HCV3 areas (old-growth forests, yew occurrence, rare biotopes) was carried out and it was evaluated whether logging and forest management did not treat these areas.</p> <p>Old-growth forests were identified in two forestry entities. No logging or any other management was carried out in these old growth forests.</p>

	<ul style="list-style-type: none"> • harvesting occurrence in old growth forests and their remnants, • whether yew is harvested and/or yew is threatened by management activities. <p>Controls are carried out on a sample of suppliers and sub-suppliers throughout the all year. If timber comes from forests outside HCV3 and its origin can be proven, control measures don't need to be taken.</p>	<p>Yew forests occurred in only one case. The forest was part of a nature reserve and no logging is carried out there.</p> <p>During field controls no information was found about treatment of rare, threatened and endangered forest biotopes.</p>
3.4 (Slovakia)	<p>SK: Obtaining information on possible occurrence of protection forests with specified risk within forestry entity. Obtaining information is part of the initial assessment of the subject as well as subsequent consultations and field inspections. If such forests are likely to occur in the managed area of the entity, consultations with stakeholders (State Nature Conservancy, environmental NGOs) are carried out. The purpose of the consultations is to find out information whether management activities threaten ecosystem services of this forest. If information is obtained that the management activities could threaten ecosystem services of this forests, the precautionary principle will be applied and the timber will not be purchased or further investigation (next consultation, field control) must be carried out. Sample controls (documentation and field verification) of forestry entities focused on management of protection forest with specified risk and its impact on the fulfilment of protective functions (ecosystem services). Controls are carried out on a sample of suppliers and sub-suppliers throughout the year. If timber comes from forests outside protection forests with specified risk and its origin can be proven, control measures don't need to be taken.</p>	<p>SK: During the consultation, no information was obtained that management of forest threatens, damages or destroys protection forests with specified risk (mountain forest).</p> <p>During the period 1-8/2020 8 field controls were done in forestry entities included in the DDS.</p> <p>Declared protection forests with specified risk (mountain forest) was identified in 2 forest entities. Their management was in line with the requirements for the fulfilment of ecosystem services (no intervention or individual selecting harvesting).</p>
3.6 (Slovakia)	<p>SK: Obtaining information on possible occurrence of UNESCO word heritage forests with specified risk within forestry entity. Obtaining information is part of the initial assessment of the subject as well as subsequent consultations and field inspections. If such forests are likely to occur in the managed area of the entity, consultations with stakeholders (State Nature Conservancy, environmental NGOs) are carried out. The purpose of the consultations is to find out more accurate information on the occurrence of UNESCO forests and boundaries of individual sites and their core areas and information whether management activities threaten them. If information is obtained that forests could be part of core areas of UNESCO sites, the precautionary principle will be applied and the timber will not be purchased from these areas until the final settlement of the situation regarding the boundaries of individual UNESCO sites. Sample controls (documentation and field verification) of forestry entities focused on absence of harvesting in possible core areas and the management of the possible buffer zones of UNESCO sites. If timber comes from forests outside of UNESCO sites, and its origin can be proven, control measures don't need to be taken.</p>	<p>SK: During the consultation, no information was obtained that management of forest threatens, damages or destroys UNESCO word heritage forests.</p> <p>During the period 1-8/2020 8 field controls were done in forestry entities included in the DDS.</p> <p>Forests included in the UNESCO list did not occur in any of the inspected entities.</p>

4.b Risk assessment and mitigation for mixing in the supply chain

Participating site	Supply chain type	No. of tiers	Risk of mixing	Control measures	Findings from field verification if undertaken as a control measure
<i>This table shall be filled for each applicable participating site (listed in the table in Section 2)</i>	<i>Describe the supply chain e.g.</i> <ul style="list-style-type: none"> Wood delivered and purchased directly from concession holder to Organisation's log yard Wood delivered and purchased directly from concession holder to Organisation's log yard, but purchased through a round wood trader Wood delivered from forest to railway terminal and transported by train to organisation and state the relevant supply area, or state that the material previously had an FSC claim but was coursed from a non-FSC certified (chain of custody) supply chain. 	<i>'Tiers' indicates the legal entities taking ownership of the wood from harvesting to the organisation purchasing it. If there is only 1 tier, it means that wood is purchased directly from the concession holder.</i>	<i>Summarise the risk assessment of mixing in this supply chain. Justify any conclusions.</i>	<i>If risk is identified, state what actions are being taken to mitigate that risk. Describe the activities that have been conducted by the organisation to verify the effectiveness of the control measures. Include information on the cycle (how often verification is conducted), number of audits, justification of sampling intensity, and the key results of the audits. If non-conformities were found, state steps taken to address them.</i>	<i>Summarise findings, if field verification was conducted.</i> <i>Describe steps taken to address any non-conformities found, unless confidential.</i> <i>If information is deemed confidential and not published, provide a justification for this.</i>
LAG	<ul style="list-style-type: none"> Wood delivered and purchased directly from concession holder to Organisation's log yard 	one	The wood was delivered directly from the harvesting site via trucks to LAG wood yard – no risk of mixing.	<p>Result of no mixing, the supply chain was traceable in all cases.</p> <p>Annually checking of all suppliers, audits are mandatory if result of ranking is red. if result of ranking is yellow – audits out of a sample (0.8x√number of supplier) has to be done; green ranked suppliers – no audit is necessary.</p>	All 45 supplier-audits confirms no risk of mixing. If non-conformities would have been found – exclude supplier, stop deliveries.

				Key result of audit: Decision to source/not to source	
LAG	<ul style="list-style-type: none"> Wood delivered and purchased directly from concession holder to Organisation's log yard, but purchased through a round wood trader or two 	two, three	The wood was only purchased through a round wood trader or two with/without possession of a wood yard – risk assessment was done.	<p>Result of no mixing, the supply chain was traceable in all cases.</p> <p>Annually checking of all suppliers, audits are mandatory if result of ranking is red and in Slovakia in all cases where there is a log-yard. If result of ranking is yellow – audits out of a sample ($0.8 \times \sqrt{\text{number of supplier}}$) has to be done; green ranked suppliers – no audit is necessary.</p> <p>Key result of audit: Decision to source/not to source</p>	All 45 supplier-audits confirms no risk of mixing. If non-conformities would have been found – exclude supplier, stop deliveries.
LAG	<ul style="list-style-type: none"> Wood delivered from forest to railway terminal and transported by train to organisation 	one	The material were directly delivered from the harvesting site to the train-station and loaded on wagons – no wood yard (see transport documentation)	<p>Result of no mixing, the supply chain was traceable in all cases.</p> <p>Annually checking of all suppliers, audits are mandatory if result of ranking is red. If result of ranking is yellow – audits out of a sample ($0.8 \times \sqrt{\text{number of supplier}}$) has to be done; green ranked suppliers – no audit is necessary.</p> <p>Key result of audit: Decision to source/not to source</p>	All 45 supplier-audits confirms no risk of mixing. If non-conformities would have been found – exclude supplier, stop deliveries.
LAG	<ul style="list-style-type: none"> FSC-certified wood which is purchased from a non-certified trader to LAG 	two	This „broken supply chain“ exists in Slovenia	A risk assessment for each supplier was done with the	n.a.

(one trader) and Poland
(one trader).

result of no mixing. The
supply chain was traceable
in all cases.

5. Technical experts used in the development of control measures

List all technical experts used for developing control measures.

Name	License/Registration #	Qualification	Scope of service	Source of information
			<i>State the relevant supply area(s) and indicator(s) for which expertise was used in the development of control measures</i>	For publicly available expertise, provide the citation for the specific source(s) of information used
Martina Smerdova	Wood Paskov	Forest Ingenieur, professional experience in Forest Management and Nature Protection	Implementation of DDS CZ, Control Measures for CZ	n.a.
Ing. Juraj Vysoky	FEPA, s.r.o. ident. No., 36629197	University education (Faculty of Forestry, TU Zvolen), more than 20 years of experience in forestry (preparation of forest management plans, state administration of forestry) and in nature protection (State Nature Conservation, environmental NGOs), expert on HCV forests, editor and co-author of the publication "High conservation value forests – guide for identification, management and monitoring"	Development of DDS for Slovakia, including development of control measures for controlled wood indicators: 1.4, 1.6, 1.9, 1.21, 3.1, 3.3, 3.4, 3.6.	Publication "High conservation value forests – guide for identification, management and monitoring1"
Ing. Beata Hirt	n.a.	University education, director of the Healthy City Community Foundation (more than 24 years), expert on rights and discrimination of minorities and disadvantaged groups (including Roma).	Development of controlled measures for controlled wood indicator 2.2	n.a.

6. Stakeholder consultation processes

Summarise all stakeholder consultation processes that the organisation has conducted, including information on:

Supply area	Relevant controlled wood category	List of stakeholder groups invited to participate	Summary of comments received from stakeholders	Description of how stakeholder comments were taken into account	Justification for concluding that the material sourced from the area was low risk
		<i>List all types of stakeholders contacted. E.g. Forest owners/managers, Forest contractors, Representatives of forest workers and forest industries, FSC certificate holders, Local/regional/national/international social NGOs, Forest workers, trade unions, local communities, indigenous and traditional peoples, ocal/regional/national/international environmental NGOs, FSC-accredited certification bodies, National and state forest agencies, Experts with expertise in controlled wood categories, Research institutions and universities, FSC regional offices/network partners/working groups</i>			
SK	2.2	The consultation addressed a state authority and non-governmental organizations dealing with Roma, human rights and discrimination: <ul style="list-style-type: none"> Rómsky dom- Romano Kher Rómsky inštitút – Roma Institute, n.o. edu Roma, o.z. 	Stakeholders do not provide any information on Roma discrimination in forestry sector.	n.a.	No information was received on any forestry organization discriminating Roma people when employing or procuring works and services.

		<ul style="list-style-type: none"> • Rada mimovládnych organizácií rómskych komunít • Združenie mladých Rómov, občianske združenie • Občan, demokracia a zodpovednosť • Nadácia Milana Šimečku • Poradňa pre občianske a ľudské práva • Úrad splnomocnenca vlády Slovenskej republiky pre rómske komunity • Človek v ohrození • ETP Slovensko 			
SK	1.9; 3.1; 3.3; 3.4; 3.6	<p>In 2020, of consultations were conducted focused on specific risks for these indicators of controlled wood: 1.9, 3.1, 3.3, 3.4, 3.6. The consultation addressed State institutions (including individual protected area administrations) and NGOs dealing with nature conservation issues.</p> <ul style="list-style-type: none"> • Štátna ochrana prírody SR (aj jednotlivé správy CHÚ) • Slovenská agentúra životného prostredia • Ústav ekológie lesa • Slovenská ornitologická spoločnosť/BirdLife Slovensko • PRALES, o.z. • WWF Danube-Carpathian Programme Slovakia • Lesoochranárske zoskupenie VLK • Slovenský zväz ochrancov prírody a krajiny • Ochrana dravcov na Slovensku • Greenpeace Slovensko • SOSNA o.z. 	<p>Information about harvesting in old-growth forests and their remnants was also obtained.</p> <p>Some stakeholders reported that they did not have requested information.</p>	No information received, no specified risks were identified.	<p>Areas where provided information confirmed specific risks are excluded as a source of controlled material.</p> <p>Areas where no information confirming specific risks are evaluated as low-risk areas.</p>

		<ul style="list-style-type: none"> Bratislavské regionálne ochranárske združenie Pre prírodu, o.z. Inštitút pre ochranu prírody 			
CZ	3.1; 3.3	<p>Competent Nature conservation authorities throughout CZ. Following nature conservation authorities were contacted:</p> <ul style="list-style-type: none"> Obecní úřady Pověřené obecní úřady Obecní úřady obcí s rozšířenou působností Krajské úřady AOPK Šprávy národních parků ČIŽP MŽP Újezdni úřady, Ministerstvo obrany 	<p>Basically all Forest Management Plans have implemented Care Plans. But not at all cases the state authorities have sufficient information where those care plans are not respected. The stakeholder AOPK has created a list with FMUs where the various conflicts have been indentified in forest management.</p>	<p>Nature protection authority (AOPK) published a list, which contains conflicting FMUs. LAG starts to implement this new tool in their Control Measures and will it roll out throughout the country step by step. Since 1st of October 2020 suppliers are asked to provide a positive statement of AOPK before starting sourcing. This was first implemented in Counties Bílé Karpaty and Beskydy.</p> <p>If no or no positive statement is provided by the supplier in the conflicting FMU, no sourcing takes place.</p> <p>History of AOPK list:</p> <p>29.04.2020 a query was sent from Lenzing (LAG and LBP) to Agentura ochrany přírody a krajiny ČR - Nature Conservation Agency CZ (AOPK)</p> <p>29.04.2020 response from AOPK, with link to https://portal.nature.cz/publik_syst/files/lhc_fsc_tab_public.xlsx</p> <p>11.05.2020 follow-up query to AOPK regarding details concerned the list</p> <p>11.05.2020 response from AOPK, details on negative evaluation was not given, nor methodology. Further communication on 12.05.2020, 25.05.2020.</p> <p>07.08.2020 FSC Czech Republic sent an information, in their newspaper Dobré dřevo 65/2020, about AOPK evaluation and its availability online.</p> <p>Lenzing had discussions with several AOPKs (Bílé Karpaty, Beskydy) no mitigation measures were recommended, so LAG decided to set actions like asking the suppliers for positive statement before starting sourcing.</p>	<p>AOPK – the central office in Prague has been contacted.</p> <p>Regional office CHKO Beskydy has confirmed that conflicts are in beech management, not spruce.</p> <p>Regional office Bílé Karpaty – several conflicts were identified in FMUs under control CHKO Bílé Karpaty.</p> <p>28 On-Site Audits has been done, one supplier is excluded from sourcing.</p>

7. Complaints procedure

We encourage stakeholders who have suggestions for improvements, comments, or complaints related to our controlled wood due diligence system to contact **Head of Global Quality management, Peter Dobson**; p.dobson@lenzing.com +43 7672 701 2513 LAG, Werkstrasse 2, 4860 Lenzing by mail, email, or phone. We commit to follow up on stakeholder input as soon as we receive it and to provide stakeholders with feedback within 2 weeks.

In the case of non-clarity in the implementation of the CW or COC or with misuse of the certification by the suppliers the Central Office and the FSC authority will be informed. All complaints (any expression of dissatisfaction relating to Lenzings conformity with the FSC® COC standard) from suppliers or customers or other involved parties should be notified to FSC® Central Office and recorded in Sharepoint: http://ms.lenzing.com/sites/tcsqm/gqm/fsc/fsc_complaints/Pages/default.aspx

If there is any concern or evidence that LAG is not compliant to the FSC® COC standard by information received from the public domain or any other sources, or non-conforming products were identified after product delivery, CO will immediately start an investigation.

All complaints are handled through Lenzing's FSC® complaints page see above and actively investigated by the FSC® process owner of LAG and CO or delegated based on the nature of the complaint within the organization accordingly. All information and records received with a complaint as well as the corrective/preventive actions are stored there.

CO/Local complaint manager sends an email acknowledging the reception of the complaint to the complaining party within two weeks of the reception of the complaint. CO/Local complaint manager investigates and saves all evidence about the complaint by checking it against the FSC® COC standard, directives and advice notes. CO/Local complaint manager specifies corrective actions as a response to the complaint within three months.

CO will notify its certification body and the complainant if the completion of the investigation will exceed 3 months.

Lenzing/Local complaint manager implements any corrective actions in a way of avoiding further reoccurrence and the complainant and the certification body are informed about the successful implementation thereof.

If any non-controlled product is identified by Lenzing after delivery to the customer Lenzing shall inform the customer and its certification body within 5 business days of the situation and keep this for record.

Lenzing then investigates the reason for this incident and implements counter measures which will be agreed with its certification body to ensure no reoccurrence.

Appendix B: Summary of the evaluation of the Due Diligence System against FSC-STD-40-005 V3-1

1. Evaluation of justification for the organisation excluding confidential information (according to Clause 6.2 (d) in FSC-STD-40-005 V3-0) – See Appendix M (Description of the Due Diligence System)

Not applicable.

2. Extensions granted to the organisation for using approved FSC risk assessments

None granted.

3. Brief description of the system developed for the evaluation of the DDS

Within NEPCon's system for evaluating an organisation's due diligence system (DDS), auditors evaluate the presence and quality of a documented DDS in accordance with all applicable requirements of the FSC standards and additional guidance provided by the FSC Policy and Standards Unit. The DDS is evaluated for its relevance, effectiveness and adequacy. When auditing, sampling is conducted to capture variation in supply areas, operations, and risks.

Obtaining information

Auditors evaluate whether the due diligence system is comprehensive and allows organisations to identify risk at the forest level, and of mixing within supply chains. Organizations must be able to provide:

- supplier list (including sub suppliers) in a comprehensible format.
- supply chain map to understand who supplies whom.
- an indication of the material type being purchased
- documented evidence of the above

Auditors must confirm the legitimacy of the information through e.g. cross-referencing documentation with other reliable sources of information, interviewing appropriate persons about the contents of the documentation, confirming authenticity of documentation with the persons or government body that is the issuer, and conduct supplier audits.

Risk assessment

When an FSC risk assessment is used, auditors evaluate whether the correct versions are used by checking the FSC Document Centre and FSC-PRO-60-002b. When company risk assessments are used, auditors verify that that risk assessments are prepared according to requirements and that the contents and results of the risk assessment are adequate and justified, and consistent with publicly available information. Risk assessments for mixing in supply chains must be supply chain-specific.

Risk mitigation

Auditors must verify the implementation of control measures, including:

- minimum requirements for control measures;
- mandatory control measures provided in national risk assessments;

- whether applicable approved documents listed in FSC-PRO-60-002b were used;
- use of experts, when required;
- use of stakeholder consultation, when required

The implementation of each type of control measure is sampled.

Adequacy of control measures is evaluated by:

- comparison with example control measures in Annex E in FSC-STD-40-005 V3-0;
- results of internal and external audits by the organization;
- comments from stakeholder consultation;
- comments, complaints, and appeals received by NEPCon;
- the process of review and revision of the DDS by the organization.

4. Summary of findings from field verification (confidential findings excluded from FSC DDS public summary appendix below)

In the course of September the NEPCon auditor conducted field verification audits to the company suppliers (forest management enterprises and CoC company) in Slovakia (3 audits).

The audit started with opening meeting in Lesy SR š.p. Odštepňý závod Sobrance (supplier of Lenzing AG). The auditor reviewed how company implemented their DDS and verification program and how the client follows comments received from stakeholders. Local office - LS Remetské Hámre was selected for the field visit. In the office forest compartments were sampled, forest management records reviewed, key personnel interviewed and forest was visited.

Second day of audit started with opening meetings in UNIFORST, s. r. o., where audit process, information regarding confidentiality and conflict of interest were explained and audit plan was discussed. Then wood recording was reviewed and key personnel interviewed.

Afterwards auditor visited sub-supplier (Forest Management Enterprise) "TU Zvolen Vysokoškolský lesnícky podnik" where forest management records were reviewed and key personnel interviewed and field audit conducted.

NEPCon audit team conducted 2 field verification audits on 1st and 2nd October in the Czech Republic to evaluate the effectiveness of control measure implementation. Field verification audits of the client were visited in the Czech Republic to observe how is the organisation implementing the control measures for risk of origin on the forest level.

The supplier verification audit was observed in the afternoon of 1st October to check how is Company's Purchasing Manager evaluating risk of mixing at supplier – wood trader - Praděský lesní závod, a.s.

Forest management enterprise – B.F.P., Lesy a statky Tomáše Bati, spol. s r.o. (FMU Lesy a statky Tomáše Bati) and Lesy města Prostějova, s.r.o. (FMU Lesy města Prostějova) were visited with the company FSC and PEFC specialist, responsible also for company DDS who is also appointed as an expert on verification program in the Czech Republic. The FSC and PEFC Specialist presented its methodology for gathering information and conducting field verification audits to mitigate the risk of threatening HCVs 1 and HCV 3 in the PLA Beskydy (1st zone) overlapped with SPA Horní Vsacko and nesting locality of black stork. During the visit on Lesy města Prostějova s.r.o. forest enterprise several forest stands were visited both with recent management activities or without and National Reserve Blátka and National Monument Dolní Vinohrádky. The area is under massive bark beetle outbreak and thus lots of sanitary cutting was done. Both visits were accompanied with local forest staff.

One field verification audit was observed in Hungary on 29.10.2020. The audit started in Verga office with two Lenzing representatives, the Certification specialist, and Wood Procurement Manager in Hungary and two representatives from Verga, Production responsible and Customer responsible. During the office visit, Lenzing has checked the wood traceability documents by sampling, ensuring that the specified risks described in the CNRA are addressed by the FME. The FME was able to show for each Invoice issued to Lenzing, the following documents: harvesting license, standing stock wood inventory, harvesting agreement, the transportation agreement, volume records, and delivery documents. The FME has a system which allows to trace the wood back, from delivery document to harvesting license. Documented requirements were checked by Lenzing, related to the four specified risks described in the CNRA: harvesting permits, environmental requirements, health and safety, legal employment. After the documented requirements were found to comply by Lenzing, a forest visit was organized in a forest stand, FMU: 15H Ajka, from where beech logs are planned to be supplied to Lenzing. During the forest visit, Lenzing representatives have checked logging related requirements, considering the specified risks from CNRA, like PPE, environmental related issues like oil leaking, wood extraction, employments. Lenzing Certification specialist has interviewed the logging team

responsible, chainsaw operator, and wood extraction operator which was also the owner of the harvesting company. The logging team found in the forest was well qualified and equipped with necessary PPE, the machinery was new and well maintained. After the successful audit in the forest, Lenzing Wood Procurement Manager has agreed with Verga regarding the purchasing agreement for the following year.

Justification for sampling

Two FMEs were sampled based on the fact that the company is sourcing from several tens of FMEs in Slovakia and to cover implementation of all control measures (for all specified risks of CNRA for Slovakia) in different natural conditions and on different types and scales of forest enterprises and ownerships. Two (2) FMEs were sampled randomly and with consideration of different scale, ownership and forest type. One is university forest enterprise, the other larger state owned forest enterprise. The audit team used the logic that each control measure shall be checked (observed) at least once. Therefore also audit of one supplier (CoC company) was visited by the audit team in Slovakia.

In the Czech Republic the Organisation implements its DDS by suppliers field verification audits to mitigate risk of mixing (19 audits done in the audit period) and risk of origin (22 audits done in the audit period). The audit team used the logic that each control measure shall be checked (observed) at least once.

Two (2) FMEs were sampled randomly and with consideration of different scale, ownership and forest type. Same and only one control measure implemented in the field is used. Thus the audit team sampled one larger private FME in the mountain area and one smaller community owned FME in the highland.

One CoC supplier – a wood trader - was also sampled and visited in the Czech Republic and 3 reports from other supplier verification audits conducted on traders in the Czech Republic were reviewed.