



# CanopyStyle Audit Report

## for Grasim Industries Ltd. (Pulp & Fibre Business)

Annual audit 2022

Evaluation date: 29-07-2022

Report date: 12-Jun-2023

### Organisation Contact

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## TABLE OF CONTENTS

INTRODUCTION	3
1. GENERAL DESCRIPTION	4
2. EVALUATION SCOPE	5
3. EVALUATION PROCESS	6
4. EVALUATION RESULT	8
Appendix A: standard checklist (CanopyStyle Verification Framework – Corporate Sourcing)	19
Appendix B : standard (CanopyStyle Verification Framework – MMCF (Man-made Cellulosic Fibre) Mill Checklist)	46
Appendix C: RECOMMENDATIONS FOR IMPROVEMENT	54

## 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 *Grasim Industries Ltd. (Pulp & Fibre Business)* hereafter referred to as "Company", against the requirements of the Verification Framework and Guidelines, (September 2021 version<sup>1</sup>) and related guidance documents<sup>2</sup> developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)<sup>3</sup> and the over 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 Forests<sup>4</sup>.

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.

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

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

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

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

## 1. GENERAL DESCRIPTION

### 1.1 Company overview

Birla Cellulose is part of 'Aditya Birla Group' and produces a complete range of man-made cellulosic fibre (MMCF) from natural and sustainable sources spanning all the three generations of fibres viz. viscose staple fibre (VSF), modal & lyocell. The Aditya Birla Group is a global conglomerate and is in the League of Fortune 500. Their operations span in 36 countries in North and South America, Africa, Asia and Europe. The organization has more than 140,000 employees belonging to 100 nationalities. The organization have been practicing responsible business for over seven decades. The MMCF producer operates 11 pulp and fibre sites globally that apply closed-loop processes. This includes Staple Fibre Division - Grasim Industries Limited, Staple Fibre Division, Birlagram, Nagda – 456331 (MP, India); Grasilene Division - Grasim Industries Ltd., Kumarapatnam – 581123 Dist: Haveri (Karnataka, India); Birla Cellulosic - Birla Cellulosic, Kharach, Kosamba (RS) – 394120 (Gujarat, India); Grasim Cellulosic Division - Grasim Cellulosic Division, Plot # 1, Vilayat GIDC, Tal.- Vagra, Dist. Bharuch – 392012 (Gujarat, India); PT Indo Bharat Rayon - PT Indo Bharat Rayon, Desa Cilangkap Curug Jawa Bharat Purwakarta - 41101 (Indonesia); Thai Rayon Public Co. - Thai Rayon Public Company Limited, 36 Moo 2, Ayuthaya-Angthong Highway, Tambol Posa, Amphur Muang Angthong, Angthong 14000 Thailand; Grasim Industries Ltd., Unit - Indian Rayon - Veraval-Junagadh Road Veraval, Dist-Gir Somnath Gujarat India – 362266; Birla Jingwei Fibres Co. Limited - Chenjaihu, Taiping Town, Fancheng District, Xiangyang City, Hubei Province, China. Birla Cellulose aims to have collaborative efforts with its suppliers for creating positive impact on sustainability by applying globally accepted frameworks and best practices: Protection of the environment and bio-diversity, reduce resource consumption by improving efficiency, act on climate change goals and circular business models, create a better and healthy working conditions for workers and communities respecting human rights, follow ethical and fair business practices, fair wages, work with their own suppliers to replicate similar requirements for creating a broader and bigger impact and transparency of sustainability performance and maintain complete traceability of sources of materials/services. The organization has a stringent wood sourcing policy. Most of the organization's corporate wide wood and pulp supply is FSC certified or PEFC certified or SFI certified or from FSC controlled wood (CW) sources.

PT Indo Bharat Rayon (IBR) is a Viscose Staple Fibre (VSF) located in Purwakarta, Indonesia. This company is part of 'Aditya Birla Group', with an installed capacity of 212 KTPA. PT IBR also produces chemicals like anhydrous sodium sulphate and sulphuric acid, used in the detergent, glass, textile dyeing, and pulp and paper industries. Apart from the domestic market, PT. Indo Bharat Rayon also caters to customers in the US, Europe, Turkey, Japan, Korea, China, Morocco, Philippines, Malaysia and other global locations.

### 1.2 Company scope (sites, locations, etc.)

**Head Office** - Aditya Birla Centre, 'A' Wing, 3rd Floor, S K Ahire Marg, Worli, Mumbai, Maharashtra, India, 400030.

**Staple Fibre Division** - Grasim Industries Limited, Staple Fibre Division, Birlagram, Nagda – 456331 (MP, India)

**Grasilene Division** - Grasim Industries Ltd., Kumarapatnam – 581123 Dist: Haveri (Karnataka, India)

**Birla Cellulosic** - Birla Cellulosic, Kharach, Kosamba (RS) – 394120 (Gujarat, India)

**Grasim Cellulosic Division** - Grasim Cellulosic Division, Plot #1, Vilayat GIDC, Tal.- Vagra, Dist. Bharuch – 392012 (Gujarat, India)

**PT Indo Bharat Rayon** - PT Indo Bharat Rayon, Desa Cilangkap Curug Jawa Bharat Purwakarta - 41101 (Indonesia)

**Thai Rayon Public Co.** - Thai Rayon Public Company Limited, 36 Moo 2, Ayuthaya-Angthong Highway, Tambol Posa, Amphur Muang Angthong, Angthong 14000 Thailand

**Grasim Industries Ltd.**, Unit - Indian Rayon - Veraval-Junagadh Road Veraval, Dist-Gir Somnath Gujarat Indian – 362266

**Birla Jingwei Fibres Co. Limited** - Chenjaihu, Taiping Town, Fancheng District, Xiangyang City, Hubei Province, China.

**Plantations :**

- NB Crown License 1 - AV Group NB
- Fredericton NB NB Crown License 8 - AV Group NB
- Fredericton NB AVG Freehold Land - AV Group, Fredericton NB

**1.3 Company sourcing policy**

The organization endeavours to find alternate sustainable resources in case of trading and sourcing wood or wood fibre from the following categories:

1. Illegally harvested Wood
2. Wood harvested in violation of traditional and civil rights
3. Wood derived from uncertified High Conservation Value (HCV) Forests
4. Harvested from plantations established after 1994 through the conversion or simplification of natural forests
5. Wood from forests in which genetically modified trees were planted
6. Wood harvested in identified ancient and endangered forests, or endangered species habitat.

## 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 mills source from the forest while viscose plants source dissolving pulp.	
Map of Ancient and Endangered Forests Overlay Completed:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No Comments:
Mill Capacity:	ton/year	
Primary Activity:	Both dissolving pulp and MMCF manufacturer	
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: 8,523	Permanent female: 781
	Contract male: 2,665	Contract female: 105
	TOTAL: 11,188	886

Sites included in evaluation	Location
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PT Indo Bharat Rayon	Desa Cilangkap Curug Jawa Bharat Purwakarta - 41101 (Indonesia)
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### 3. EVALUATION PROCESS

#### 3.1 Audit Team

Auditor name(s)	Qualifications
Marimuthuram Mahendran	M.Sc Tropical and International Forestry, DAAD Scholar, University of Goettingen, Germany and B.Tech Agricultural Biotechnology, Tamilnadu Agricultural University, Coimbatore, India. FSC Chain of Custody & ISO 19011 Lead Auditor.
Ratna Patriana	Ria is Preferred by Nature's Responsible Sourcing Specialist and a senior Timber Legality risk assessor. Since 2019, she has assessed the legality and environmental risks of over 200 timber supply chains around the world. She has experiences in FSC Chain of Custody, FSC Forest Management, and tailored audits. She is trained in LegalSource, FSC Chain of Custody, FSC Controlled Wood, Sustainable Rice Platform, Social Impact Assessment, and Rainforest Alliance Sustainable Agriculture Standard (RA SAS).

### 3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
Corporate Desk Audit	29-07-2022	8
PT Indo Bharat Rayon	19 January 2023	7

**Note:** more details about audit process are provided in a separate audit plan

### 3.3 Description of Overall Audit Process

#### Corporate Office Desk Audit:

The Canopy Desk Audit for “Aditya Birla Group” was conducted on the 29<sup>th</sup> July, 2022 remotely at their Central Office in Mumbai, India. The audit started with an opening meeting at 10:00 am, where the auditor introduced himself and briefed the organization on the audit process and explained the framework against which the audit was to be performed.

During the opening meeting, all the key responsible personnel’s and the responsible employees in-charge of implementing the FSC management systems from the organization were present. The auditor explained the audit process and informed regarding confidentiality and the conflict of interest. The key responsible people then explained the implementation of the CanopyStyle Framework.

The auditor had prepared in advance by checking all the documents submitted by the organization like certificates, standard operating procedures, Policies, Communications, Website links, Sourcing information, Organizational documents etc. of all the participating sites before the day of the audit and made his judgements based on the documentation review. During the audit, the auditor checked the documents like purchase invoices, sales invoices, delivery challans, etc. and compared it with the volume summary to trace the output sold to the input produced to ensure that the Canopy sourcing requirements are complied.

The closing meeting was held at the Central Office in the presence of all the key responsible personnel on the 29<sup>th</sup> July, 2022 at 6pm, where the preliminary findings of the audit was discussed, further the auditor encouraged queries and made clarification to the questions raised by the organization. The auditor later thanked the organization for their support & cooperation and on this note the meeting was closed.

Participants:

- Mr. Surya Valluri – President & Chief Sustainability Officer
- Mr. Ajay Kumar – Joint President
- Mr. Saurabh Singh –President
- Mr. Vivek Khare –Vice President

- Mr. Conway Elkins – Director – Woodlands and Land Management
- Mr. Gaurav Agarwal –General Manager
- Ms. Aditi Sarda General Manager

#### **Short-notice audit at PT Indo Bharat Rayon (IBR):**

A short-notice onsite audit was conducted to PT Indo Bharat Rayon (IBR) MMCF mill in Purwakarta, Indonesia on 19 January 2023. The audit process included desk-based and onsite document reviews, interviews with key personnel and mill managers, and direct observation to the facilities. Desk-review of the documents were conducted prior to the onsite visit and it includes reviews of the policy commitment, training records, DDS risk assessment forms, sourcing information and annual volume summary for both FSC and PEFC raw material.

The onsite audit started with an opening meeting, in which a management representative gave an introduction to the company's key personnel, commitments, and progress in sustainability topics, including its commitment to the Aditya Birla Wood Fibre Sourcing Policy. Interviews were conducted with the management representatives and key personnel at the purchasing, warehouse/raw material, marketing, and viscose processing. Documents reviewed during the onsite audit included standard operating procedures in the implementation of sourcing FSC and PEFC materials, purchasing and sales records (list of purchase and sales, invoices, packing lists, bill of lading, etc.), and training records.

A round tour through the facilities was conducted to enable a direct observation of the raw material receiving facilities, warehouse, viscose processing facility, and everything in between. A closing meeting was conducted at the end of the audit day to present the preliminary results and the reporting schedule. The closing meeting was attended by the primary responsible person, key personnel, and the management representatives, including the President Director of PT IBR.

#### **Participants:**

- Sreeram B – Head of Quality Assurance, Management Representative
- Yopi Supriadi – Lab, Quality Control, Management Representative
- I Nyoman Raka – Raw Material Purchase
- Budi Jatmika – Quality Control
- Priyo Sanyoto – Raw Material
- Vera Nurandiani – Raw Material
- Arlandiyana – Viscose
- Evi - Marketing

## **4. EVALUATION RESULT**

### **4.1 Evaluation Conclusion**

#### **Positive Findings:**

The organization has invested time and resources into the development and implementation of their sourcing policies, being sure to have preference for FSC certified suppliers and pulp. The organization was able to demonstrate strong COC systems and commitment to the CanopyStyle initiative. The organization has demonstrated evidence



of achievements in environmental performance at their mill, regarding use of alternative fibers, reduced GHG gas emissions and pollution prevention. The majority of their suppliers have successfully been confirmed as low risk for the risk of sourcing from ancient and endangered forests and/or controversial sources. The organization has provided maps to demonstrate the proximity of these risk areas and has clearly outlined the sourcing area of most their supplier in comparison with the maps of ancient and endangered forest areas identified. Therefore, the overall audit result is low risk of sourcing from Ancient and Endangered Forests and other controversial sources. However, for the supplier Phoenix the Canopy DP tool identifies risks related to Ancient and Endangered Forests and the auditor also has not found any concrete evidence to show that no Ancient or Endangered Forests or Forests converted after 1994 have been harvested by the Phoenix supplier.

PT IBR raw material sourcing is managed by the central procurement cell within Aditya Birla corporate office in Mumbai, India. The corporate office would conduct an evaluation of the new pulp supplier against the Aditya Birla Wood Fibre Sourcing Policy as part of its due diligence before a purchase is made. As a participating mill unit, PT IBR fully commits to the Aditya Birla Wood Sourcing Policy.

The key personnel and management at the PT IBR MMCF mill have demonstrated that Aditya Birla Wood Sourcing Policy was fully understood and acted on. Systems and procedures are in place and implemented to ensure that the mill only receives raw materials that are coming from suppliers that have been evaluated and approved by their corporate office.

PT IBR has demonstrated its commitment to purchasing dissolving pulp raw material certified to credible third-party forestry certification schemes. This audit has confirmed that 100% of raw material supplies to PT IBR are FSC and PEFC certified, with 94% of the material are FSC certified.

PT IBR has actively participated in the development of the fibre product, Livaeco fibre. This innovation is developed by Aditya Birla Group to ensure that the final product can be traceable back to the MMCF producer. The company has also demonstrated a good document control and database system to maintain records and documents of all purchased materials and sold products to improve traceability.

#### Areas for Improvement:

The organization could develop 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. The organization could use its brand influence or purchasing influence to positively impact conservation and develop solutions that have the Free, Prior and Informed Consent of affected indigenous and local communities and could 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. The organization can have procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes. The organization could initiate 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.

For PT IBR :

The 2021 supplier information form provided does not include SAPPI Cloquet. Instead, the supplier included in this form is Durian Trading. Documents reviews and interviews with key personnel have confirmed that the supplies coming from Durian Trading are from SAPPI Cloquet.

While key personnel and management representatives understand the Aditya Birla Wood Sourcing Policy, including the definition of Ancient and Endangered Forests and other controversial sources, their understanding of actions to mitigate the risk of sourcing from these areas is limited to only sourcing of FSC-certified material, without putting more attention to the type of claims. Meanwhile, only FSC 100% can be considered sufficient to mitigate the risk of material sourced from plantations established after 1994.

Risk assessments have been conducted for all suppliers, however, the responsible personnel have not fully implemented the suggested actions for alignment with CanopyStyle as highlighted under the CanopyStyle Classification of Dissolving Pulp Mills (April 2022). So far, the mitigation actions rely heavily on the FSC certifications. As a result, committing to not sourcing from Ancient and Endangered Forests cannot be fully accomplished as the required additional information to mitigate this sourcing risk has not been systematically collected.

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
Sappi	No. Sourcing is monitored according to the FSC Chain of Custody and Control Wood Standard.	No sourcing issues identified based on current information and/or CanopyStyle audit.
AV Group	No Ancient and Endangered forest in AV group supply. There is no endangered species habitat as directed by Fiber sourcing policy and government legislated forest management policies. Sourcing is monitored according to the FSC Chain of Custody and Control Wood Standard.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Domsjo	No Ancient or Endangered Forest, endangered species habitat or illegal sources in DF supply. Controlled by certificate FSC/ PEFC.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Arauco	No Ancient and Endangered forest in the supply chain. There is no endangered species habitat as	No sourcing issues identified based on current information and/or CanopyStyle audit.

	directed by Fiber sourcing policy and government legislated forest management policies.	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.
Phoenix	No Ancient and Endangered forest in the supply chain. There is no endangered species habitat as directed by Fiber sourcing policy and government legislated forest management policies.	In a region that contains IFL and where deforestation is a threat. Further sourcing information and/or auditing required.
Harihar Polyfibres	No Ancient and Endangered forest in the supply chain. There is no endangered species habitat as directed by Fiber sourcing policy and government legislated forest management policies.	No sourcing issues identified based on current information and/or CanopyStyle audit.
GP CELLULOSE	No Ancient and Endangered forest in the supply chain. There is no endangered species habitat as directed by Fiber sourcing policy and government legislated forest management policies.	No sourcing issues identified based on current information and/or CanopyStyle audit.
Sun Paper	No Ancient and Endangered forest in the supply chain. There is no endangered species habitat as directed by Fiber sourcing policy and government legislated forest management policies.	<b>Currently subject to verification. The findings will be incorporated as Appendix C under this report</b>
Cosmo USA	Low risk.	Audit report can be found here:  <a href="https://preferredbynature.org/sites/default/files/publicsummaries/Cosmo%20CanopyStyle%20Report.pdf">https://preferredbynature.org/sites/default/files/publicsummaries/Cosmo%20CanopyStyle%20Report.pdf</a>

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## 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 **	<i>Commitment Met</i>
	1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	Commitment Met
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	Commitment Met
	1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	Commitment Met
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	Commitment Met
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	Commitment Met
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	Commitment Met
	1.8 The MMCF producer has put in place a grievance procedure.	Commitment Met
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	Commitment Met

	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	Commitment Met
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	Commitment Met
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.	Commitment Met
	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.	Commitment in Progress
	2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	Commitment in Progress
	2.4 The assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.	Commitment Met
	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.	Commitment in Progress
	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.	Commitment Met
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. **	Commitment in Progress
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	Commitment Met

	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. **	Commitment in Progress
	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. **	Commitment Met
	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. **	Commitment Met
	4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **	Commitment in Progress
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. **	Commitment Met
	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.)	Commitment Met
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	Not Applicable
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 When requested, Canopy, the Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	Commitment Met
*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	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	Not Applicable

<p>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>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>Not Applicable</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>Not Applicable</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>Not Applicable</p>
<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</p> <p>Note: This audit focuses on only on forest sourcing and wood-based</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>	<p>Commitment Met</p>

<p>pulp production. We recognize that there are other issues of concern and interest that are beyond the scope of this risk verification audit. Additional actions will be required by brands, retailers and MMCF producers to adequately address and verify health and safety, working conditions, labour practices, equity and discrimination at mill sites.</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>Commitment in Progress</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>Commitment Met</p>
	<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>Commitment Met</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>Commitment Met</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>Commitment in Progress</p>



<p>8. Development of Innovative and Alternative Fiber</p>	<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>Commitment Met</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>Commitment Met</p>
<p>9. Voluntary advocacy for conservation solutions</p>	<p>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. **</p>	<p>Commitment Met</p>
	<p>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. **</p>	<p>Commitment Met</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>Commitment Met</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>Commitment in Progress</p>
<p>10. Responsible forest management</p>	<p>10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake. **</p>	<p>Commitment Met</p>
<p>11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses</p>	<p>11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.</p>	<p>Commitment Met</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>Commitment in Progress</p>
	<p>11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on</p>	<p>Commitment in Progress</p>

	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 <a href="https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released">https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</a></p>	Not Applicable

### 4.3 Volume Summaries<sup>5</sup>

Reporting period: 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021.

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	Confidential	37.06%
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	Confidential	2.13%
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	Confidential	48.31%
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.	Confidential	9.39%
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	Confidential	3.11%

<sup>5</sup> The volume summary is provided by the organization.

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

### 1. Evaluation of Site: Head Office - Aditya Birla Centre

<b>Primary Responsible Person:</b> (Responsible for control system at site(s))	Mr. Gaurav Agarwal – Deputy General Manager
<b>Auditor(s):</b>	Marimuthuram Mahendran
<b>People Interviewed, Titles:</b>	<ul style="list-style-type: none"> <li>• Mr. Surya Valluri – President &amp; Chief Sustainability Officer</li> <li>• Mr. Ajay Kumar – Joint President</li> <li>• Mr. Saurabh Singh –President</li> <li>• Mr. Vivek Khare –Vice President</li> <li>• Mr. Conway Elkins – Director – Woodlands and Land Management</li> <li>• Mr. Gaurav Agarwal –General Manager</li> <li>• Ms. Aditi Sarda –General Manager</li> </ul>
<b>Brief Overview of Audit Process for this Location:</b>	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
<b>Comments:</b> This audit was conducted remotely at the organizations head office.	

### 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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>            The organization fully commits to the forest sourcing policy. The senior executives and key managers at the site demonstrate their knowledge of the policy and their commitments to implement it. The policy text has been made available for all staff as it is shown at the landing page of the company's website. This has been confirmed through documentation</p>

	<p>review and interviews with key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person shared a link with the auditor as evidence that the senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy. This was confirmed by the auditor by checking the official website of Birla Cellulose in which the 'Wood Fibre Sourcing Policy' was uploaded in the reports-policies tab of the website (Refer: Wood Fibre Sourcing Policy- Reports-Policies tab <a href="https://birlacellulose.com/reports-policies.php">https://birlacellulose.com/reports-policies.php</a>)</p>
<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>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  The organization has developed the standard operating procedures (SOP) required to implement the Policy. The senior executives and key managers at the site are aware of the SOP. The SOP text has been made available for stakeholders upon request. This has been confirmed through documentation review and interviews with key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person shared the organizations generic standard operating procedures (SOP), moreover this was specific to the implementation of this Policy with input from and agreement of civil society stakeholders.</p>
<p>1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> The organisation is FSC COC certified and had defined the key responsible people for the implementation of the FSC COC management system, hence the same personnel will also be responsible for the implementation for the policy, moreover this has also been specified in a documented record.
1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> The organisation is FSC COC certified and had defined the key responsible people for the implementation of the FSC COC management system, hence the same personnel will also be responsible for the implementation for the policy, thus the organization has developed capacity and company structure to implement this policy as it is closely aligned with their FSC program.
1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> The organization has communicated its commitment to implement its Policy to all its suppliers. The senior executives and key managers at the site are aware of the communication. The organization has made email communications to its suppliers to implement its policy. This has been confirmed through review of the email communications and interviews with key responsible people.

	<p>During the interview, Mr. Gaurav Agarwal the primary responsible person has shared the email communications of its commitment to implement its Policy to all their suppliers as an evidence for the said requirement to the auditor during the audit.</p>
<p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b>  The organization has included the requirements to implement the Policy in agreements/contracts with current and future suppliers. The senior executives and key managers at the site are aware of the inclusion. The organization has provided evidence of contracts with all suppliers. This has been confirmed through review of the contracts and interviews with key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the organization has included requirements to implement the Policy in agreements/contracts with current and future suppliers. The organization source material from FSC certified vendors, hence the agreements/contracts clearly mentions responsible sourcing and most of their existing suppliers are already aware of the policy. Moreover, evidence of contracts with all suppliers have been provided that includes language regarding their commitments to not source from ancient and endangered forests and other controversial sources.</p>
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> <p>The organization has developed and is implementing a system to monitor supplier's conformance with the Policy. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of using the Dissolving Pulp Tool and consultation with Canopy. This has been confirmed through review of the email exchanges for consultation and interviews with key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the organization has developed and is implementing a system to monitor suppliers' conformance with the Policy, which includes use of the Dissolving Pulp Tool and regular consultation with Canopy.</p>
<p>1.8 The MMCF producer has put in place a grievance procedure.</p>	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> <p>The organization has developed a grievance procedure. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of grievance redressal policy. This has been confirmed through review of the policy documents and interviews with key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the organisation has put in place a grievance redressal policy (<a href="https://birlacellulose.com/reports-policies.php">https://birlacellulose.com/reports-policies.php</a>). This was confirmed</p>

	<p>during the audit by a documentation review of the grievance redressal policy and interviews with responsible persons implementing the grievance redressal policy. Moreover, evidence was sufficient to demonstrate the input and agreement of civil society stakeholders.</p>
<p>1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b></p> <p>The organization has developed and is implementing an action plan that address any identified non-conformance and grievance received. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of grievance redressal policy. This has been confirmed through review of the policy documents and interviews with key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the organisation has put in place a procedure for an action plan that addresses any identified non-conformance and public grievance procedure. This was confirmed during the audit by a documentation review of the grievance redressal policy (<a href="https://birlacellulose.com/reports-policies.php">https://birlacellulose.com/reports-policies.php</a>) and interviews with responsible persons implementing the grievance redressal policy. However, given that there have been no non-compliances or grievances noted, no actions have been taken to date.</p>
<p>1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b> Mr. Gaurav Agarwal the primary responsible person mentioned that all the key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. This was confirmed by the auditor by interviews with the key managers of each of the production sites on the awareness towards the policy. The auditor concluded that the key managers of each of the production sites were trained and were aware of the policy.</p>
<p>1.11 Each production site manager has developed procedures to implement the Policy, when relevant. **</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b> The organization ensures that all the production site managers have developed procedures to implement the Policy. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of training for the production site managers. This has been confirmed through review of the training records and interviews with the production site managers.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that all the production site managers have developed procedures to implement the Policy, when they think new procedures are needed. The auditor concluded that while the key managers of each of the production sites were trained and aware of the policy, they have also fully developed procedures to implement the policy.</p>
<p><b>Summary:</b> The Senior executive and key managers have made a publicly available commitment to full implementation of the forest sourcing policy. The organization has assigned personnel with responsibility for Policy implementation. The organization has developed capacity and company structure to implement the Policy. The organization has communicated its commitment to implement its Policy to all its suppliers. The organization has provided evidence of a grievance procedure, but it is not clear if there has been input and agreements of the civil society</p>	

stakeholders. The organization has developed standard operating procedures (SOP) related to this policy & implemented a system to monitor supplier's conformance with the Policy.

**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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  The organization identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. The auditor checked the Volume Summary provided by the organization. This included information about FSC claim volumes (FSC Mix, FSC 100%, FSC controlled wood). The organization has also mentioned the FSC certified FMU, wherever traceability is known. This was further confirmed by interview with the primary responsible person Mr. Gaurav Agarwal.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  The organization has completed the assessment of the supply chain of most of MMCF producers except for a few. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of the mapping information for some of the MMCF producers. This has been confirmed through review of the mapping information and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the assessment of the MMCF producer supply chain has been completed globally. He also further</p>

	<p>confirmed that the organization has used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool to make their supply assessment. This was confirmed by the auditor during the documentation review, where mapping information for Harihar (India), Sappi (South Africa), Sappi Cloquet Min. (USA), Domsjo (Sweden), AV Group NB Inc. NB (Canada) and GP Cellulose's Folley Cellulose Perry Florida (USA) was done. However, mapping has not been done for some of the other suppliers.</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><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The organization ensures that the assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin except for a few suppliers for whom the assessment has not been done. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of the mapping information for some of the MMCF producers. This has been confirmed through review of the mapping information and interviews with the key responsible people.</p> <p>Mr. Gaurav Agarwal the primary responsible person mentioned that the assessment of the MMCF producer identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin. This was confirmed by the auditor during the documentation review, where mapping information for Harihar (India), Sappi (South Africa), Sappi Cloquet Min. (USA), Domsjo (Sweden), AV Group NB Inc. NB (Canada) and GP Cellulose (USA) was done. However, mapping has not been done for some of the other suppliers</p>
<p>2.4 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p>

	<input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> <p>The organization ensures that the assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of the mapping information for some of the MMCF producers. This has been confirmed through review of the mapping information and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal mentioned that the assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group. During the documentation review, it was found that the supply chain assessment has been done for most of the suppliers except for a few exceptions.</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>	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> <p>The organization and its suppliers are FSC COC certified, hence they have developed an internal capacity and company structure to recognize legality, violation of human risks and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism. However, the material received is not FSC 100%, therefore this indicator can only be graded as In Progress.</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>	<b>Conformance with Indicator:</b> <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><b>Description of the finding:</b></p> <p>The organization ensures that MMCF producer publishes its suppliers publicly, thus providing its customers a robust track and trace system. The senior executives and key managers at the site are aware of the development and implementation. This has been confirmed through interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal mentioned that the MMCF producer publishes its suppliers publicly, thus providing its customers a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.</p>
<p><b>Summary:</b> The assessment to identify all suppliers from which the organization sources in the chain beginning at the forest or plantation of origin is complete. A risk assessment has been conducted for all suppliers. The supply chain assessment has been presented to Canopy with permission to share with the leaders' group and stakeholders. Finally, the organization has published its suppliers publicly.</p>	

3. No conversion of natural forest to plantations	
Indicators	Findings
<p>3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate. **</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The organization ensures that the initial date of the plantation developed has been documented and sourcing occurs only in areas identified pre 1994, or post 1994. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of wood origin certificates and FSC certificates of the suppliers but has not purchased FSC 100% material during the audit period. This has been confirmed through review of the certificates and interviews with the key responsible people.</p>

	<p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting FSC certificate. During documentation review it was found that the supply chain assessment has been done for all of the suppliers. However, the organization has provided wood origin certificates with the certification status of SAPPI FORESTS FSC® Chain of Custody SA-COC/CW-005957 valid 14 September 2022, PEFC Chain of Custody SA-PEFC-FM-001230 valid 03 January 2026, NGODWANA MILL FSC® Chain of Custody SA-COC/CW-012851 valid 13 October 2023, SAPPI PAPIER HOLDING FSC® Chain of Custody SGSCH-COC/CW-003171 valid 15 February 2023. However, the organization only purchases FSC MIX, FSC Controlled Wood and PEFC material and not FSC 100%, hence this criteria is only partially met.</p>
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**Summary:** The organization has determined that sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting FSC certificate.

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

Indicators	Findings
<p>4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as “ancient &amp; endangered forests,” “intact forest,” “natural forest,” “endangered species,” “controversial sources,” “high conservation value,” “high carbon area,” “peatlands,” etc. that are consistent with this document and the forest sourcing policy template.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b>  The organization was found to have adopted clear definitions for the terms included in their Policy, such as “ancient &amp; endangered forests,” “intact forest,” “natural forest,” “endangered species,” “controversial sources,” “high conservation value,” “high carbon area,” “peatlands,” etc. that are consistent with this document and the forest sourcing policy template. This was confirmed through interviews with the primary &amp; key</p>

	responsible people and documentation review of the Policy.
<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><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The organization ensures that the areas defined as “ancient and endangered forests” are identified and mapped. Moreover, suppliers and fibre that have a high risk have been identified and shared with Canopy, with permission to share to Leaders Group. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of mapping of A&amp;E forests for most of the supplier but for a few exceptions. This has been confirmed through review of the mapping information and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that 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. During documentation review it was found that the supply chain assessment, identification, and mapping of “ancient and endangered forests” has been done for most of the suppliers, but still some of the other suppliers are not completed with the mapping In addition, there is at least 1 supplier that has possible risk of sourcing from 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</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p>

<p>yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p><input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  The organization ensures that the material originating from A&amp;E forests purchased before the Policy will be documented identified and utilized by the mills. The senior executives and key managers at the site are aware of the development and implementation. The organization has provided evidence of wood origin certificates and FSC certificates of the suppliers. This has been confirmed through review of the certificates and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that any raw material in the organizations 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. He further confirmed that no such non-conforming raw material was identified during the audit period (2021 to February 2022). The organization is FSC COC certified and has systems in place to identify, document and handle non-conforming products in the supply chain. This was confirmed by the auditor through interview and documentation review during the time of the audit.</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><b>Conformance with Indicator:</b>  <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><b>Description of the finding:</b>  The organization ensures that they comply to all relevant local, national and international laws. The senior executives and key managers at the site are aware of the local, national and</p>



	<p>international laws. The organization has provided evidence of documents complying to the legal requirements like ESIC, PF etc. This has been confirmed through review of the documents and interviews with the key responsible people.</p> <p>During interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the organization is aware of all relevant local, national and international laws and is in compliance with all of them. During documentation review, it was found that the organization has evaluated its compliance to legal requirements. Some of the legal requirements pertaining to the Canopy audit were Prevention &amp; Control of Pollution Act, The Environment (Protection) Act, Ozone Depleting Substances Rules, Environmental Impact Assessment Notification, The Energy Conservation Act, Workmen's compensation Act, Contract Labour (Regulation &amp; Abolition) Act, Employees State Insurance Act, EU Timber Regulation, US Lacey Act, Australian Illegal Logging Prohibition Regulation and Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) which the organization was in compliance. This was confirmed through documentation review and interviews with the key responsible people during the audit.</p>
<p>4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The organization is committed not to source from ancient and endangered forests and other controversial sources. The senior executives and key managers at the site are aware of the commitment. The organization has verified this commitment through mapping information for most of the</p>

	<p>supplier except for a few exceptions. This has been confirmed through review of the documents and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the organization is committed not to source from ancient and endangered forests and other controversial sources. This has been verified for the majority of suppliers, but not for all the supplier, and in addition, there is at least 1 supplier that has possible risk of sourcing from Ancient and Endangered Forests.</p>
<p><b>Summary:</b> The organization has adopted clear definitions for the terms included in their sourcing policy. The organization has done work to identify all of their suppliers and the origins of their materials.</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
5.1 All MMCF producers' suppliers are identified and the forest of origin is known. **	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The organization has identified all the MMCF supplier's and the Forest of Origin is known. The senior executives and key managers at the site are aware of the origin of the forest. The organization has verified this commitment through mapping information for most of the supplier except for a few exceptions. This has been confirmed through review of the documents and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that all the organization's suppliers are identified, and the forest of origin is known and has been cross reference with the Dissolving Pulp Classification Tool. It should be noted that there are instances</p>

	<p>where the company's risk assessment is not consistent with the Classification Tool.</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><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The organization has developed procedures for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. The organization has submitted procedures for this requirement. This has been confirmed through review of the procedure documents and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person mentioned that the organization has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. During the audit the organization has provided procedures for this requirement.</p>
<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**</p>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b></p> <p>The organization has not documented withdrawals from supply agreements where non-conformance has been found. The organization has submitted procedures for this requirement. This has been confirmed through review of the procedure documents and interviews with the key responsible people.</p> <p>During the interview, Mr. Gaurav Agarwal the primary responsible person</p>

	mentioned that there was no non-conformance found, hence there were no documented withdrawals from supply agreements.
<p><b>Summary:</b> The organization suppliers and the general information on the supplier's sourcing areas is well known. The organization has verbally confirmed a procedure to disengage with suppliers that are found to be in nonconformance with the policy.</p>	

<p><b>6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.</b></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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  The main stakeholders of the organization are the customers who include converters. These stakeholders and the Leaders Group are invited to participate freely and to report observations during the verification process. This was confirmed by interview with Mr. Gaurav Agarwal the key responsible person for the audit.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  It has not yet been confirmed that the organization is sourcing from ancient and endangered forests or other controversial sources, therefore this indicator is not applicable.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  It has not yet been confirmed that the organization is sourcing from ancient and endangered forests or other controversial sources, therefore this indicator is not applicable.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  It has not yet been confirmed that the organization is sourcing from ancient and endangered forests or other controversial sources, therefore this indicator is not applicable.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  It has not yet been confirmed that the organization is sourcing from ancient and endangered forests or other controversial sources, therefore this indicator is not applicable.</p>
<p><b>Summary:</b> It has not yet been confirmed that the organization is sourcing from ancient and endangered forests or other controversial sources, therefore indicators regarding conservation planning (6.2-6.5) are not applicable to this assessment.</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 mills and their supply chain and affiliated companies in the forestry sector**

*Note: This audit focuses on only on forest sourcing and wood-based pulp production. We recognize that there are other issues of concern and interest that are beyond the*

*scope of this risk verification audit. Additional actions will be required by brands, retailers and MMCF producers to adequately address and verify health and safety, working conditions, labour practices, equity and discrimination at mill sites.*

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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  The organization has required its suppliers as part of their Sourcing Policy to respect FPIC, they have made it mandatory for its suppliers to adopt a similar policy, systems, and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. All their suppliers have adopted similar policies.</p>
<p>7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b>  The suppliers have a documented procedure to conform with the organizations commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. The organization and all of its suppliers hold FSC CoC certification, and therefore sign a policy for association that they are not directly or indirectly involved in activities that violate traditional and human rights in forestry operations or violate any of the ILO Core Conventions.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b> The organization and its suppliers are FSC COC certified, hence they have a robust system in place for handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders. The complaints process refers specifically to the sourcing policy.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b> The organization and its suppliers are FSC COC certified, hence they have developed an internal capacity and company structure to recognize and respect the rights of its workers. As a part of FSC CoC certification, the organization and its suppliers have signed the FSC Policy for association, which includes elements related to workers rights, see indicator 7.2. Moreover, the organization has also developed a Human Rights Policy (<a href="https://birlacellulose.com/reports-policies.php">https://birlacellulose.com/reports-policies.php</a>).</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b> The organization and its suppliers are FSC COC certified, hence the all suppliers (including the Tier one suppliers) have signed the FSC Policy for Association which includes commitments to not violate the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Moreover, the organization has also developed a Human Rights Policy</p>

	<a href="https://birlacellulose.com/reports-policies.php">https://birlacellulose.com/reports-policies.php</a> .
<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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b></p> <p>The organization and its suppliers are FSC COC certified and signed the FSC Policy for Association, hence the organization has demonstrated recognition and respect for human rights. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations. Moreover, the organization has also developed a Human Rights Policy <a href="https://birlacellulose.com/reports-policies.php">https://birlacellulose.com/reports-policies.php</a>.</p>
<p><b>Summary:</b> The organization and its suppliers hold FSC certification and therefore sign the FSC policy for association which declared their lack of involvement in unacceptable activities regarding human and traditional rights. The FSC CoC standards also require a complaints mechanism that can be used for all types of complaints.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b> The organization has collaborated with Fashion for Good, Evrnu, Nanollose, Saxcell and Renewcell for accelerating the adoption of alternate feedstock and next generation fibres. The organization has invested significantly in developing the technologies for recycling, building capacities to scale up production and for developing NextGen solutions. The organization has started using textile waste as raw material to establish circularity in the textile chain and market this in the brand name of "Liva Reviva".</p>



	<p>Liva Reviva fibre uses a minimum of 20% pre-consumer industrial fabric waste. Some of the ecological benefits of “Liva Reviva” fibre is that it reduces global warming (kg CO<sub>2</sub> eq.) by 26%, water consumption (kg) by 67%, Resource Depletion (MJ eq.) by 10% and Eutrophication (kg PO<sub>4</sub> eq.) by 60% in comparison to generic viscose fibre (<a href="http://birlacellulose.com/policies_reports_files/policies_reports_pdf_36_1636614_623.pdf#page=42">http://birlacellulose.com/policies_reports_files/policies_reports_pdf_36_1636614_623.pdf#page=42</a> <a href="http://birlacellulose.com/policies_reports_files/policies_reports_pdf_36_16366146_23.pdf#page=52">http://birlacellulose.com/policies_reports_files/policies_reports_pdf_36_16366146_23.pdf#page=52</a> <a href="https://textileexchange.org/birla-cellulose-circular-fibres-for-sustainable-fashion/">https://textileexchange.org/birla-cellulose-circular-fibres-for-sustainable-fashion/</a>). This was confirmed by Mr. Gaurav Agarwal the key responsible person of the audit.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  Mr. Gaurav Agarwal the primary responsible person mentioned that the research and development phase for the production of cellulosic fibre made from alternative fibre sources (pre-consumer industrial fabric waste) has been successfully completed and has already been adapted by major global brands.</p>
<p><b>Summary:</b> The organization has developed an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fibre sources that reduce environmental and social impacts, such as pre-consumer industrial fabric waste. The research and development phase to cellulosic fibre made from alternative fibre sources is successfully completed and has entered the commercial scale phase.</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><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> The organization has participated in events that support the conservation of Ancient and Endangered Forests, such as a panel discussion with Canopy, FSC and H&M.
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.**	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> (Updated, January 2023):  The organization has consistently used its influence to support conservation and FPIC through letters written to decisions makers regarding the Leuser Ecosystem, as well as supplier engagement on indigenous rights in 2022.
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.	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> (Updated finding, January 2023):  The organization signed on to a Producers' letter to the Parties of the Convention on Biological Diversity in December 2022, which called for the protection of 30% of the world's forests by 2030.
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.**	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> The organization has adopted a RONV (Range of natural variation) analysis in the forests. This analysis is done to attempt to

model forest conditions prior to European settlement in Eastern Canada. This analysis has been woven into the organizations long-term FMP (Forest Management Plan which is 80 years planning horizon) that aims to more closely emulate species and age class structures of the Acadian Forest. The organization has also completed HCV (High Conservation Value) Forest Assessment. Based on FSC as well as local cultural values areas, forests were identified, which would be placed into full protection or will be subjected to alternate tree harvest prescriptions that protect their inherent values. . Mr. Conway Elkins submitted the partnership agreement between Birla and Ducks Unlimited in Canada during the audit.

**Summary:** The organization has participated in several initiatives, as well as the RONV (Range of Natural Variation) analysis, HCV (High Conservation Value) Forest Assessment which mainly focuses on Forest Conservation and Free, Prior and Informed Consent of affected indigenous and local communities.

10. Responsible forest management	
Indicators	Findings
10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake.**	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The organization by establishing and implementing the forest sourcing policy has defined the criteria for responsible forest management. While the organization has clearly demonstrated their preference for FSC, and all of its suppliers are FSC CoC certified, most of the inputs are from FSC Mix or FSC Controlled Wood, they also have an action plan to increase FSC certified inputs that are sourced from FSC Forest Management certification.</p>
<p><b>Summary:</b> By establishing and implementing the forest sourcing policy they have defined the criteria for responsible forest management. And a clear action plan to increase FSC certified materials has been established.</p>	

**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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  The organization has developed and implemented various procedures in house for reducing GHG emissions like following a methodology to calculate CO2 emissions, investing in technology to reduce electricity consumption, treating wastewater coming out of the factory and using it in-house. The organization has set some targets of GHG emissions intensity reduction by 50% by 2030 and 'Net Zero' by 2040, Grow circular products to 100,000 tons per year by 2024 using pre- and post-consumer waste and alternate feedstock, develop projects for meeting EU BAT limits, reduce water intensity by 50% in VSF production by 2025, assess the sustainability performance of key suppliers by year 2025. Moreover, the organization and their suppliers have been certified as per Environmental Management System ISO 14001: 2015.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  All suppliers hold FSC CoC certification and under the scope of their certification source FSC FM or FSC CW which gives some, but not complete, assurance that HCV forests (including peatland and/or intact forest landscapes) are protected.</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><b>Conformance with Indicator:</b></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</p>

	<input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> All suppliers hold FSC CoC certification and under the scope of their certification source FSC FM or FSC CW which gives some assurance that HCV forests (including peatland and/or intact forest landscapes) are protected. However, the organization was not able to give any evidence that they give preference.
<b>Summary:</b> The organization and their suppliers have been certified as per Environmental Management System ISO 14001: 2015. The organization has implemented various systems for reducing GHG emissions and has set planned targets to reduce future emissions. The organizations suppliers hold FSC CoC certification and under the scope of their certification source FSC FM or FSC CW which gives some, but not complete, assurance that HCV forests (including peatland and/or intact forest landscapes) are protected.	

12. Pollution Prevention	
Indicators	Findings
12.1 *This verification process <u>will not</u> 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 <a href="https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released">https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</a>	<b>Conformance with Indicator:</b> <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  <b>Description of the finding:</b> <b>The CanopyStyle audit will not report on this indicator.</b>  <b>Other tools such as the Hot Button report will address chemical management starting in 2020.</b>
<b>Summary:</b>	

\*\* Indicates Critical Indicators

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

### 1. Evaluation of Site: PT Indo Bharat Rayon

<b>Primary Responsible Person:</b> (Responsible for control system at site(s))	Sreeram B – Head of Quality Assurance
<b>Auditor(s):</b>	Ratna Patriana
<b>People Interviewed, Titles:</b>	Sreeram B – Head of Quality Assurance, Management Representative Yopi Supriadi – Lab, Quality Control, Management Representative I Nyoman Raka – Raw Material Purchase Budi Jatmika – Quality Control Priyo Sanyoto – Raw Material Vera Nurandiani – Raw Material Arlandiyana – Viscose Evi - Marketing
<b>Brief Overview of Audit Process for this Location:</b>	The audit was conducted at PT IBR mill in Purwakarta, Indonesia on 19 January 2023. The audit started with an opening meeting, and then continued with interviews with the management representatives, document reviews, site inspections and interviews with key personnel, and closing meeting. Both opening and closing meetings were attended by the primary responsible person, management representatives, and related staff members. The president director of PT IBR was also present during the closing meeting.
<b>Comments:</b>	It is confirmed through the onsite audit that the raw materials supplied by Durian Trading are only coming from SAPPI Cloquet, USA, a pulp mill classified as low-risk according to CanopyStyle Classification of Dissolving Pulp Mills.

### 2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	
Indicators	Findings

<p>1.1 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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><b>Description of the finding:</b>  PT IBR fully commits to the Aditya Birla Wood Fibre Sourcing Policy. The key managers at the site demonstrated their knowledge of the policy and their commitments to implement it. The policy text has been made available for all staff as it is shown at the landing page of the company's intranet system.</p> <p>Interviews with key personnel confirmed a training on this policy and its procedures is conducted every year. A signed record of this training has been made available for the auditor to review.</p> <p>In addition to not sourcing from Ancient and Endangered Forests and other controversial sources, PT IBR has shown their commitment on the preference to FSC materials by sourcing 94% of its total raw material as FSC certified in 2021 and 2022. They are also developing Livaeco fibre, a product that is developed by Aditya Birla Group to ensure that the final product can be traceable back to the MMCF producer.</p>
<p>1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**</p>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  Aditya Birla Group has developed Standard Operating Procedure (SOP) to implement the Wood Fibre Sourcing Policy and Supplier Code of Conduct, and this procedure is shared with all of its participating sites, including PT IBR. It is confirmed through the onsite visit to the facility and interviews with key personnel that the policy is fully acted on through the implementation of this procedure.</p> <p>In addition, PT IBR has put in place procedure and systems to ensure that the material received at the facility is consistent with the</p>

	<p>material purchased from the suppliers/pulp mills that have been evaluated and approved by the corporate office.</p> <p>It is confirmed through the onsite audit, that the procedure to maintain the consistencies between the purchased material and the received material are properly implemented. Therefore, it mitigates the risk of material coming from sources that has not been evaluated by the corporate office for sourcing.</p>
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**Summary:** PT Indo Bharat Rayon (IBR) has fully adopted Aditya Birla Wood Fibre Sourcing Policy. Key managers and related staff onsite have demonstrated their knowledge about this policy and properly implemented the procedures to ensure that the raw material coming to the facility are in conformance with the policy.

**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.**

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><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>It is confirmed through direct observation and interviews with key personnels, that the company has maintained the purchase and sales documentations, such as invoices and declaration of origin. The declaration of origin is supplied by the supplier by filling out the DDS forms. A few samples of these DDS forms have been reviewed by the auditor, and it is confirmed that the declaration of origin is available, and the form is signed by the representative of the suppliers.</p> <p>The key personnel has maintained a complete list of purchase and sales from 2021 and 2022 all the supporting documentations. The integrity of the information was verified by the auditor during the onsite audit. The key personnel was able to provide the correct invoices for all the randomly selected purchase and sales transactions from their list.</p>



<p>2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u>.</p>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  It is confirmed through interview with key personnel and direct observation that the delivery documentation for all wood fibre input is maintained in their system and database. During the audit, a few samples of purchase transaction were randomly selected from their list of purchase. For all of these transactions, the responsible staff has been able to provide the delivery documents, such as packing list and bill of lading, with the information that is consistent with the information included in the list.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  Through the onsite review of the purchase lists, it is confirmed that all the purchase materials are only coming from suppliers that have been identified within the MMCF supply chain assessments. The auditor also conducted onsite inspections to the receiving facilities, warehouse and the viscose processing facilities, and there was no indication of the presence of material coming from suppliers that are not listed in the sourcing information and supply chain assessment.</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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  It is confirmed, through interviews with key personnel at the purchasing and raw material</p>

	<p>units, that the FSC and PEFC certificate claim and code are the information that they always check in the sales and delivery documents of the purchased material. During the audit, a few samples of purchase transactions for FSC materials were randomly selected from their annual list of purchase. For all of these transactions, the responsible staff has been able to provide the invoices and delivery documents, such as packing list and bill of lading, with the valid supplier FSC code and FSC claim.</p>
<p>2.5 The production site maintains and can verify a summary of annual purchases (or inputs).</p>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b></p> <p>Summary of annual purchase of both FSC and PEFC material was made available to the auditor during the desk review. There is no indication that the provided information is not correct. Out of total purchase of raw material in 2021, 75% is FSC CW, 19% is FSC Mix and 6% is PEFC certified.</p> <p>There is no uncertified material supplied to the mill.</p> <p>Mr. Yopi, as the management representative confirmed that 100% of the inputs to the mill are FSC and PEFC material. This annual volume summary was also verified by the auditor during the onsite audit by cross-checking the information against their purchase transactions records and database.</p>
<p>2.6 All MMCF producers provide <u>outgoing</u> transportation documents and certification status if relevant. Supplementary information should include the forest/plantation of origin when known.</p>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b></p> <p>It is confirmed through interview with workers that the company always provide transport documents for the sold products, and that FSC and PEFC certificate claim and code will be included in the transport documents, whenever the product is sold as certified. During the audit,</p>

	<p>a few samples of sales transactions for FSC and PEFC materials were randomly selected from their database. For all of these transactions, the responsible staff has been able to provide the delivery documents, such as packing list and bill of lading, with consistent information including the valid company's FSC and PEFC code and FSC claim.</p> <p>Supplementary information, such as forest/plantation of origin is not included as the company only collect the information as far back as the region of harvest.</p>
<p><b>Summary:</b> The company has demonstrated their commitment to only purchase and receive material that are coming from suppliers identified within the MMCF supply chain assessment. They have also demonstrated a good performance in maintaining all the purchase and sales documentation to support their commitment in traceability of their forest-based fibre material.</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><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The management representative and key personnel at the site confirmed that a risk assessment has been conducted for all of their suppliers. However, during the document reviews, it was found that initial date of the plantation development has not been documented anywhere, even in the risk assessment forms.</p> <p>Currently, only FSC Mix, FSC Controlled Wood and PEFC materials are used in the production site. There is no percentage of FSC 100% which could be considered as low-risk for meeting the requirement of this indicator. FSC controlled wood / FSC Mix and PEFC may mitigate the risk of conversion, however, it is not enough to ensure that the plantation was developed prior to 1994.</p>
<p><b>Summary:</b> PT IBR has shown the progress of their commitment to no conversion of forest to plantation by sourcing only material certified to FSC or PEFC. However, this is not enough to ensure that these materials are only sourced from plantations that are converted before 1994,</p>	

and information on the initial date of the plantation development was not available anywhere in their documents.

**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><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>  The management representatives have confirmed that the company operation comply and even perform beyond compliance with all relevant local, national and international laws, by being certified to nationally and internationally-known certification scheme, such as FSC COC, PEFC COC, ISO90001, ISO140001, ISO45001, SA8000, SMK-3 (Occupational Health and Safety Management System) and through their involvement in the Indonesian government initiative, such as PROPER (Corporate Performance Rating Assessment Program in Environmental Management). PT IBR has committed to comply with the values of the FSC and strive to process pulp material that are not from FSC's definition of controversial sources. For the PEFC material, the company conducted risk assessments to their suppliers, which include indicator related the corruption perception index (CPI). The results have shown that all of their suppliers are located in countries with CPI &gt;50, therefore low risk of perceived corruptions. The auditor has not found any evidence that PT IBR is not complying with local, national and international law.</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 <b>receive</b> wood from Priority Ancient and Endangered Forests, as <i>outlined in the <a href="#">Advice Note</a></i> and from controversial sources.</p>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>          Through the onsite interviews with the key personnel, it is confirmed that they understand the definition of Ancient and Endangered Forests and controversial sources. The company has demonstrated the commitment to avoid source material from high-risk sources by only receiving materials coming from suppliers that have been evaluated against the wood sourcing policy and approved for sourcing by their corporate office.          Through the document reviews and direct observation to the facility, and it is confirmed that the company has followed the commitment to only source from suppliers where the corporate office has identified low-risk of sourcing from Priority Ancient and Endangered Forests and controversial sources.</p>
<p>4.3 Production mills have conducted assessment of presence of presence of Ancient and Endangered Forests, as <i>outlined in the <a href="#">Advice Note</a></i> and other controversial sources in their wood supply areas.</p>	<p><b>Conformance with Indicator:</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Not Applicable</li> <li><input type="checkbox"/> Commitment Met</li> <li><input type="checkbox"/> Commitment in Progress</li> <li><input type="checkbox"/> Commitment Not Met</li> <li><input type="checkbox"/> Insufficient Information Available</li> </ul> <p><b>Description of the finding:</b>          Not applicable due to the purchasing responsibility, including the supplier selections, is within the corporate office.</p>
<p>4.4 The sourcing from regions that contain Ancient and Endangered Forests, as <i>outlined in the <a href="#">Advice Note</a></i> and other controversial sources, is verified to be low risk by this CanopyStyle audit.</p>	<p><b>Conformance with Indicator:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Not Applicable</li> <li><input checked="" type="checkbox"/> Commitment Met</li> <li><input type="checkbox"/> Commitment in Progress</li> <li><input type="checkbox"/> Commitment Not Met</li> <li><input type="checkbox"/> Insufficient Information Available</li> </ul> <p><b>Description of the finding:</b>          During the audit, the company provided their 2021 and 2022 Sourcing Information Forms for review. 3 out of 4 suppliers have been determined to have no sourcing issues and the 4<sup>th</sup> (Cosmo) has been found to be low risk according to a third party supplier verification audit -Cosmo is not included in <a href="#">Aditya Birla's Global Flow Pulp to Fibre – List of pulp supplier</a>.          It is confirmed, through the document review, that PT IBR only uses Cosmo's material in 2022, and this supplier was not included in the list of 2021 suppliers.</p>

**Summary:** The company has demonstrated their commitment to avoid sourcing from suppliers which are identified by their corporate office as high-risk of coming from Ancient and Endangered Forests and controversial sources. However, the auditor deemed that the justification is not sufficient to define a low-risk conclusion for materials coming from Cosmo Pulp Mill, USA. The management of PT IBR has confirmed that sourcing from Cosmo is only temporary.

**5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them**

Indicators	Findings
5.1 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to their CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.	<p><b>Conformance with Indicator:</b></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

**Summary:** Not applicable as the purchasing responsibility is within the corporate office.

## APPENDIX C: RECOMMENDATIONS FOR IMPROVEMENT

### Recommendations for Aditya Birla for continuous improvement

September 25, 2023

Canopy applauds Aditya Birla for completing its third CanopyStyle audit. The audit found that the company has continued to monitor its wood sourcing closely, has resources in place to implement its CanopyStyle commitments, and continued to increase its use of FSC certified inputs and develop Next Generation Fibre Solutions. However, due to some new sources introduced since the last audit, there is potential risk of sourcing from Ancient & Endangered Forests and other controversial sources. The company has been made aware of this and is engaging with suppliers to collect additional information..

The CanopyStyle audit is a learning opportunity, and in the spirit of continuous improvement, actions can be taken over time to implement Aditya Birla's policy commitments. Based on the review of the audit report, Canopy recommends the following next steps:

- Conduct supplier verification for Honghe Sun Paper to confirm that its operations are consistent with your company's CanopyStyle policy requirements, and publish the results;
- Update the company's risk assessment to include all factors related to controversial sources, including forest conversion and social risks;
- Develop an action plan for increasing the amount of FSC fibre used, with a focus on FSC Mix and FSC 100% (instead of Controlled Wood);
- Continue to implement ambitious targets and timelines for the integration of Next Generation Fibre Solutions into the full range of your MMCF products;
- Continue to adopt best in class processing technologies. Work with experts in the field to implement pollution control technologies to limit their impact. Implement the new ZDHC MMCF guidelines for chemical management, which give suppliers unified criteria for measuring output indicators like wastewater, sludge, air emissions and other process-related parameters.

We recommend that the company develop an action plan for 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 support Century Rayon to continue to implement their policy and meet the expectations of the CanopyStyle Initiative.

Once again, we congratulate you for the completion of the audit and for proactively taking steps to address risk in your supply chain. We look forward to our continued collaboration.