



# CanopyStyle Audit Report

## for E. Miroglio EAD

**Assessment: 2021**

**Evaluation date: 26.02.2021**

**Report date: 14 September 2021**

### **Company Contact**

Industrial zone  
8800 Sliven  
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### **Audit managed by**

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## INTRODUCTION

Preferred by Nature (former name: NEPCon) is an international, non-profit organisation that delivers sustainability services and engages in innovation projects to facilitate the transformation of business practices and consumer behaviour to promote the responsible use of natural resources. Around 1,300 Chain of Custody-certified clients benefit from our over 15 years of experience in providing services to the forest supply chain sectors – including timber processing and manufacturing companies, printing houses, publishers, paper merchants, traders and retailers of all sizes.

Through a well-developed network of regional representatives and contractors, Preferred by Nature offers timely and cost-effective certification services around the world.

The purpose of this report is to document performance of *E. Miroglio EAD* hereafter referred to as “Company”, against the requirements of the Verification Framework and Guidelines, (September 2020 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 320 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

E. Miroglia EAD is a textile company, located in Bulgaria with 3 production sites – Sliven, Yambol and Svishtov. Only production site Svishtov manufactures viscose fiber meanwhile facilities in Sliven and Yambol use it in production of wool and worsted fabrics, knit fabrics, classic and fancy knitting yarns, woven yarns, worsted, wool and cotton spun yarns. Therefore, this audit include verification of only one site – Svishtov. The company was established in 2006 after purchasing a local textile company.

E. Miroglia EAD holds FSC Chain of Custody (SA-COC-007460) certificate and during 2020 it sourced all dissolving pulp with FSC Mix Credit claim. During 2020, the company used only FSC certified dissolving pulp in all production.

In order to meet the increased demand and environmental requirements, E. Miroglia's viscose production is certified according to:

- OEKO-TEX Standard 100, Annex 6.
- ISO 9001:2015,
- ISO 14001:2015,
- ISO 45001:2018,
- SA 8000:2014,
- Lloyd's Register Quality Assurance.

The produced viscose yarn is offered under the registered trademark SVILOTEX®.

The organization has only one supplier located in Sweden. The supplier is a trader that does not take physical possession of pulp, and only trades the pulp from one sub-supplier to E. Miroglia EAD only. The sub-supplier is FSC and PEFC certified and located in Sweden. The sub-supplier is classified as having "no known sourcing issues" in Canopy's Classification of Dissolving Pulp mills (August 2020). Dissolving pulp received at E. Miroglia EAD – the site in Svishtov, travelled directly from the supplier site and accompanied by Certificate of Delivery. The species potentially used in dissolving pulp are *Picea abies*; *Picea sitchensis*; *Pinus contorta*; *Pinus sylvestris*. The declared regions the wood is potentially sourced from are Sweden, Latvia, Finland, Germany and Poland.

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

E. Miroglia EAD is located in Bulgaria with 3 production sites – Sliven, Yambol and Svishtov. Dissolving pulp is received in Svishtov to manufacture raw white bright, optical white, dope-dyed, dull, and dope-dyed & dull viscose rayon filament yarn. These materials are sent to Sliven and Yambol for production of wool and worsted fabrics, knit fabrics, classic and fancy knitting yarns, woven yarns, worsted, wool and cotton spun yarns.

## 1.3 Company sourcing policy

In an effort to meet the requirements of the European Timber Regulation (EUTR No. 995/2010), E. Miroglia EAD only sources FSC certified wood pulp and strives to identify and eliminate all wood pulp from controversial sources.

The company states its commitment not to source from controversial sources, such as:

- Illegally harvested wood;

- Wood from plantations established after 1994 through the conversion or simplification of natural forests;
- Wood from forests or plantations of genetically modified trees;
- Wood harvested in violation of traditional, human and civil rights;
- Wood harvested without free, prior and informed consent by indigenous peoples and traditional communities;
- Wood from ancient and endangered forests.

The company signed and publicly shared their commitment towards CanopyStyle Initiative here: [http://www.emiroglio.com/web/files/richeditor/filemanager/Standard\\_Fiber\\_Procurement\\_Policy\\_for\\_Protecting\\_Forests\\_for\\_MMCF\\_producers\\_named\\_-\\_23\\_11\\_20.pdf](http://www.emiroglio.com/web/files/richeditor/filemanager/Standard_Fiber_Procurement_Policy_for_Protecting_Forests_for_MMCF_producers_named_-_23_11_20.pdf).

## 2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in supplier CoC form	<input type="checkbox"/> Other suppliers
Majority Fiber Input:	Dissolving pulp	
Map of Ancient and Endangered Forests Overlay Completed:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No  Comments: E. Miroglio EAD's supplier is FSC certified and the sub-supplier is FSC and PEFC certified. The sub-supplier is classified as low risk supply chain in <b>Classification of Dissolving Pulp</b> mills (October 2019).
Mill Capacity:	4000 ton/year dissolving pulp	
Primary Activity:	Producing of raw white bright, optical white, dope-dyed, dull and dope-dyed & dull viscose rayon filament yarn.	
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: 160	Permanent female: 198
	Contract male: -	Contract female: -
	TOTAL: 160	198

Sites included in evaluation	Location
E. Miroglio EAD	Industrial zone, 8800 Sliven, Bulgaria
E. Miroglio EAD	West Industrial zone, 5253 Svishtov, Bulgaria

## 3. EVALUATION PROCESS

### 3.1 Audit Team

Auditor name	Qualifications
Alexandra Alexandrova	Lead auditor. Citizen of Republic of Bulgaria. Graduated from Forestry and Ecology and Environmental Protection in the University of Forestry, Sofia, Bulgaria. In 2017 she started work for NEPCon Bulgaria Ltd. On January 2018, she completed NEPCon training course for FSC CoC auditors in Jurmala, Latvia and in March 2018 – NEPCon training course for FSC FM auditors in Jurmala, Latvia. On January 2019 she becomes a PEFC CoC auditor. She participated in numerous FSC CoC, FSC FM and PEFC CoC audits in Bulgaria.

### 3.2 Audit Overview

Site(s)	Audit date	Total audit time (Hours)
E. Miroglio EAD – Sliven	26.02.2021 – desk audit	1 hour
E. Miroglio EAD – Svishtov	26.02.2021 – desk audit	3 hours

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

### 3.3 Description of Overall Audit Process

The audit was conducted on 26 February 2021 through desktop audit. It started with an opening meeting by skype with Mr. Penyo Penev – Quality Manager. Preferred by Nature’s Responsible Sourcing Specialist was also joining the opening meeting, she was explaining about Preferred by Nature, CanopyStyle Framework and verification process. During the audit, the auditor communicated data protection policy, audit methodology and the audit schedule. The client agreed the proposed methodology and the audit plan.

The auditor conducted review of the company’s documentation concerning CanopyStyle Framework and interviewed the company’s employees regarding CanopyStyle Framework. The Quality Manager showed production site virtually using Skype.

The audit process was ended with closing meeting with Mr. Penyo Penev, audit results were presented and next steps for preparing of the report.

## 4. EVALUATION RESULT

### 4.1 Evaluation Conclusion

E. Miroglio EAD has only one FSC certified supplier, located in Sweden. The supplier is a trader without physical possession of pulp and trades the pulp from a sub-supplier to E. Miroglio EAD only. The sub-supplier is also FSC and PEFC certified. The sub-supplier works

in compliance with Canopy and situated in Sweden. The mill is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020). Dissolving pulp is received in E. Miroglio EAD – the site in Svishtov, travelled direct from the sub-supplier site and accompanied by Certificate of Delivery.

In summary, Preferred by Nature verification audit provides evidence confirming that E. Miroglio EAD is at low risk of sourcing from Ancient and Endangered Forests and other controversial sources and is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. However, some challenges remain to fully implement full suite of indicators in the CanopyStyle framework throughout the company’s supply chain. Additional work is required to fully meet all of the critical and progressive criteria.

## 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. **	<i>Commitment Met</i>
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	<i>Commitment Met</i>
	1.4 The MMCF producer has developed capacity and company structure to implement the Policy.	<i>Commitment Met</i>
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	<i>Commitment Met</i>
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	<i>Commitment in Progress</i>
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	<i>Commitment in Progress</i>

	1.8 The MMCF producer has put in place a grievance procedure.	<i>Commitment Met</i>
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	<i>Not Applicable</i>
	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	<i>Commitment Met</i>
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	<i>Commitment Met</i>
2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	2.1 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and the Dissolving Pulp Classification tool, to make their supply assessment. **	<i>Commitment Met</i>
	2.2 The assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	<i>Commitment Met</i>
	2.3 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.	<i>Commitment Met</i>
	2.4 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.	<i>Commitment in Progress</i>
	2.5 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textile retailers.	<i>Commitment in Progress</i>
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. **	<i>Not Applicable</i>
4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated	4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered forests", "intact forest", "natural forest", "endangered species", "controversial sources", "high conservation value", "high carbon area", "peatlands", etc. that are consistent with this document and the forest sourcing policy template. **	<i>Commitment Met</i>
	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	<i>Commitment Met</i>

	identified and shared with Canopy, with permission to share Leaders Group. **	
	4.3 Any raw materials in the MMCF producer's supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills. **	<i>Not Applicable</i>
	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. **	<i>Commitment Met</i>
	4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **	<i>Commitment Met</i>
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. **	<i>Commitment Met</i>
	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.)	<i>Commitment In Progress</i>
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	<i>Not Applicable</i>
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 When requested, Canopy, Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process. **	<i>Commitment Met</i>
	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. **	<i>Not Applicable</i>
	6.3 If sourcing from controversial areas, with records of conflict and human rights violation, an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant	<i>Not Applicable</i>

	stakeholders, have been completed by a credible and mutually agreed third party and made public. **	
	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. **	<i>Not Applicable</i>
	6.5 The MMCF producer has developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free Prior and Informed Consent. **	<i>Not Applicable</i>
7. The MMCF producer shall recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies	7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. **	<i>Commitment Met</i>
	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. **	<i>Commitment Met</i>
	7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.	<i>Not Applicable</i>
	7.4 The MMCF producer and its suppliers have developed internal capacity and Companyal structure to recognize and respect the rights of its workers	<i>Commitment Met</i>
	7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.	<i>Commitment Met</i>
	7.6 Recognition and respect for human rights is demonstrated by the MMCF producer and its pulp suppliers. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations. **	<i>Commitment Met</i>
8. Development of Innovative and Alternative Fiber	8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the	<i>Commitment in Progress</i>

	development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers. **	
	8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	<i>Not Applicable</i>
9. Voluntary advocacy for conservation solutions	9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim protect remaining ancient and endangered forests. **	<i>Commitment in Progress</i>
	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. **	<i>Not Applicable</i>
	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.	<i>Commitment Not Met</i>
	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. **	<i>Commitment in Progress</i>
10. Responsible forest management	10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake. **	<i>Commitment Met</i>
11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses	11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.	<i>Commitment Met</i>
	11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.	<i>Commitment Met</i>
	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. **	<i>Commitment Met</i>
12. Pollution Prevention	12.1 * This verification process <u>will not</u> address the pulp and viscose manufacturing process which can lead to air and water	<i>Not Applicable</i>

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

Reporting period: 01.01.2020-31.12.2020

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	0	-
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	0	-
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	1063,757 t	100%
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).	0	-
Non-FSC	Material received with no FSC claim.	0	-
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	0	-

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

# Appendix I: Standard Checklist (CanopyStyle Verification Framework – Corporate Sourcing)

## 1. Evaluation of Site: E. Miroglio EAD

<b>Primary Responsible Person:</b> (Responsible for control system at site(s))	Penyo Penev, Quality Manager
<b>Auditor(s):</b>	Alexandra Alexandrova
<b>People Interviewed, Titles:</b>	Penyo Penev, Quality Manager Vanya Stoilova, Quality Department Vanya Yordanova, Quality Department
<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> The interviewees were cooperative and provided necessary information in timely manner.	

## 2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy	
Indicators	Findings
1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy.**	<p><b>Conformance with Indicator:</b></p> <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
1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b>            E. Miroglio EAD commitment is publicly available on its website (<a href="http://www.emiroglio.com/en/news/view/fiber-procurement-policy-for-protecting-forests">http://www.emiroglio.com/en/news/view/fiber-procurement-policy-for-protecting-forests</a>). The Policy is posted on the information boards in production sites. The commitment was signed by Executive Director.</p> <p><b>Description of the finding:</b>            E. Miroglio EAD has developed a Standard Operating Procedures (SOP) for its staff and its suppliers to implement the policy. SOP available upon request to stakeholders but it</p>

	has not been reviewed by civil society stakeholders.
1.3 The MMCF producer has assigned personnel with responsibility for policy implementation.**	<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>  E. Miroglio EAD has assigned personnel with responsibility for policy implementation. Executive Director has overall responsible for the implementation of the Policy. Managers of different departments make sure procedures under their unit are aligned with the policy. This has been confirmed during interviews.</p>
1.4 The MMCF producer has developed capacity and company structure to implement the 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>  Each department (e.g. production, purchasing, management, marketing, and others) has developed and have been implementing a training plan to build its staff's capacity to understand and implement the policy and SOP. During the audit, the company presented protocols from conducted trainings with program and signature of all participants. The auditor confirmed through interviews with Quality Manager and review of organization structure, that they have developed the capacity and structure to implement the policy.</p>
1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**	<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>  E. Miroglio EAD has communicated its commitment to implement its Policy to its supplier and sub-supplier through communication via email (The Policy was sent via e-mail). They sent signed statements that they support protection and preservation of Ancient and Endangered forest and work in compliance with Canopy.</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 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>  Quality Manager is aware of the requirement and explained that they will include it in the next agreement or annex. A letter was sent to the supplier that confirms that requirements to implement the policy will be included in the future agreements, and this plan was approved by the supplier (letter dated 14June2021)  The agreement for all input dissolving pulp with quantities and prices for 2021 was signed in the end of 2020.</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 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>  E. Miroglio EAD does not have a system to directly monitor its supplier in relevance to the Policy. The organization has developed a system to check its supplier conformance with the Policy through its implementation of FSC and ISO certificate schemes, including checking the supplier's documentation system. Quality Manager is responsible to ensure that all the suppliers are in conformance.  E. Miroglio EAD sent the Policy to its supplier and sub-supplier via e-mail They sent signed statements that they support protection and preservation of Ancient and Endangered forest and work in compliance with Canopy. The sub-supplier is classified as having "no known sourcing issues" in Classification of Dissolving Pulp mills (August 2020).</p>
<p>1.8 The MMCF producer has put in place a grievance procedure.</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>  E. Miroglio EAD puts in place a grievance procedure for implementation of FSC and ISO</p>

	requirements. It is applicable for its customers, suppliers, stakeholders and local agencies.
1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**	<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>  There is no non-conformance nor grievance received so far because this is its initial audit.</p>
1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  During the interviews, the management staff confirmed knowledge and commitment to the policy.</p>
1.11 Each production site manager has developed procedures to implement the Policy, when relevant.**	<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 manager staff have developed procedures to implement the Policy. During the audit were presented protocols from conducted trainings. During the interviews, the management staff confirmed knowledge and commitment to the policy.</p>
<p><b>Summary:</b> E. Miroglio EAD showed a clear commitment to not source from ancient and endangered forests and other controversial sources, reflected in its policy that is publicly available on its website. Interviewed staffs were aware with the Policy and developed procedures. Supplier and sub-supplier sent signed statements, stating that that they support protection and preservation of Ancient and Endangered forest and work in compliance with Canopy. E. Miroglio EAD has developed grievance procedure and key employees are aware with it.</p>	

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

Indicators	Findings
2.1 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 the	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met</p>

<p>Dissolving Pulp Classification tool, to make their supply assessment. **</p>	<p> <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>          E. Miroglio EAD has produced assessment of its supply chain and provided it to Canopy with permission to share to the Leaders Group. The organization uses one supplier and one sub-supplier. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>
<p>2.2 The 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  <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>          E. Miroglio EAD has produced assessment of its supply chain and provided it to Canopy with permission to share to the Leaders Group. The organization uses one supplier and one sub-supplier. The dissolving pulp receive direct by sub-supplier. The assessment includes the countries of origin of used timber. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>
<p>2.3 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  <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>          E. Miroglio EAD uses one supplier and one sub-supplier. The supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).E. Miroglio EAD has developed procedure that they will update the assessment every year and will share it with Canopy and Leaders Group. They prepared it for 2020 and sent to them. Quality Manager is aware of this requirement.</p>
<p>2.4 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human risks and risks</p>	<p><b>Conformance with Indicator:</b></p> <p> <input type="checkbox"/> Not Applicable         </p>

<p>related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.</p>	<p> <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available         </p> <p><b>Description of the finding:</b>          Quality Manager is aware of this requirement and has expressed plans to include it during next risk assessment.          The sole supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020). The company only sources materials with FSC Mix claims, and therefore additional risks can be partially mitigated. This indicator is therefore being graded as in progress as this additional risk assessment has not yet been formalized.</p>
<p>2.5 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.</p>	<p><b>Conformance with Indicator:</b></p> <p> <input type="checkbox"/> Not Applicable  <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>          E. Miroglio EAD is not allowed to publish its suppliers’ name publicly, but will provide information on its supply upon request. The company uses FSC CoC to receive and make claims about traceability of a product to certified forests, however this is not full traceability and it does not extend up the clothing and textile retailers.</p>
<p><b>Summary:</b> E. Miroglio EAD uses one supplier and one sub-supplier. The supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020). E. Miroglio EAD has produced assessment of its supply chain and provided it to Canopy with permission to share to the Leaders Group.</p>	

3. No conversion of natural forest to plantations	
Indicators	Findings
<p>3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting FSC certificate.**</p>	<p><b>Conformance with Indicator:</b></p> <p> <input 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>          E. Miroglio EAD requested this information from its sub-supplier and they inform that do</p>

	<p>not use timber from plantation (<a href="https://www.rainforest-alliance.org/business/wp-content/uploads/2018/10/Aditya-Birla-Canopy-Verification-Report-14-June-2017.pdf">https://www.rainforest-alliance.org/business/wp-content/uploads/2018/10/Aditya-Birla-Canopy-Verification-Report-14-June-2017.pdf</a> - page 70). The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020). All received dissolving pulp in 2020 is FSC certified with claim FSC Mix Credit.</p>
<p><b>Summary:</b> E. Miroglio EAD requested this information from its sub-supplier and they inform that do not use timber from plantation. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>	

<p><b>4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated</b></p>	
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>            E. Miroglio EAD’s Policy consists the definitions explained in requirement. Interviewed staff are aware of them.</p>
<p>4.2 All areas meeting the definition of “ancient and endangered forests” have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group.**</p>	<p><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>            All received dissolving pulp in 2020 in E. Miroglio EAD is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>
<p>4.3 Any raw materials in the MMCF producer’s supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p><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>            No such materials have been sourced.</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></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>  E. Miroglio EAD is aware with all relevant local, national and international laws, and applies them in practice. There is no evidence of non-compliance with relevant laws. This was confirmed during interviews with Quality Manager.</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  <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 commitment is verified through confirmation that E. Miroglio EAD sources only FSC certified dissolving pulp and its sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>
<p><b>Summary:</b> All received dissolving pulp in 2020 is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>	

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

Indicators	Findings
<p>5.1 All MMCF producers’ suppliers are identified and the forest of origin is known.**</p>	<p><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>  E. Miroglio EAD uses one supplier and one sub-supplier. The dissolving pulp receive direct by sub-supplier, which provide information for the countries of origin of used timber. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</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  <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>  Quality Manager is aware of the requirement and explained that they will include it in next agreement or annex.  The agreement for all input dissolving pulp with quantities and prices for 2021 was signed in the end of 2020.  The company does not yet have a formal procedure specific to Canopy, however it does have similar types of procedures for noncompliant product for FSC and ISO. This indicator is therefore in progress.</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  <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>  No such actions have taken place, as no non-conformances have been found.</p>
<p><b>Summary:</b> E. Miroglio EAD uses one supplier and one sub-supplier. The dissolving pulp receive direct by sub-supplier, which provide information for the countries of origin of used timber. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).The agreement for all input dissolving pulp with quantities and prices for 2021 was signed in the end of 2020 and there is no clause withdrawing from purchase where non-conformance is found.</p>	

**6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.**

Indicators	Findings
<p>6.1 When requested, Canopy, Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process. **</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  E. Miroglio EAD is agreeable to having Leaders Group and other stakeholders in participation, however a formal invitation has not been made. All main customers, supplier and sub-supplier are informed for its preparation to</p>

	<p>participate in CanopyStyle initiative. During the audit, Quality Manager explained that the company develops an application in its internal system with all maintain standards and announcement its preparation to participate in CanopyStyle initiative. In future this application will be publicly available on its website.</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>  The company does not source from key priority areas of ancient and endangered forests.</p>
<p>6.3 If sourcing from controversial areas with records of conflict and human rights violation, an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input 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>  The company does not source from key priority areas of ancient and endangered forests.</p>
<p>6.4 The MMCF producer requires of its supplier to have developed a management plan that identifies and measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are 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>  The company does not source from key priority areas of ancient and endangered forests.</p>
<p>6.5 The MMCF producer has developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input 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></p>

	The company does not source from key priority areas of ancient and endangered forests.
<p><b>Summary:</b> E. Miroglio EAD is agreeable to having Leaders Group and other stakeholders in participation, however a formal invitation has not been made. All main customers, supplier and sub-supplier are informed for its preparation to participate in CanopyStyle initiative. During the audit Quality Manager explained that the company develops Application in its internal system with all maintain standards and announcement its preparation to participate in CanopyStyle initiative. In future this Application will be publicly available on its website.</p> <p>The company does not source from key priority areas of ancient and endangered forests.</p>	

**7. The MMCF producer shall recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies.**

Indicators	Findings
<p>7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  E. Miroglio EAD has developed procedures with requirement to implement Free, Prior and Informed Consent of indigenous people and local communities and send signed Policy. E. Miroglio EAD requested its supplier and sub-supplier to adopt a similar policy and received confirmations from them. All received dissolving pulp in 2020 in E. Miroglio EAD is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The requirement for implementation of FPIC are included in FSC FM standards.</p> <p>Their supplier provided a statement – “We confirm that during the process of wood supplying we shall recognize, respect and uphold human rights and the rights of communities and workers affected of our actual wood supply chain and affiliated companies.” It is confirmed via an separate CanopyStyle audit of their supplier that indigenous peoples are outside of company’s sourcing area and that their country’s laws adequately protect cultural and traditional rights.</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 checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met</p>

	<p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  E. Miroglio EAD implements this requirement. The company has developed internal rules which include the requirement. Also, it is included in Bulgarian laws.  E. Miroglio EAD has developed procedures with requirement to recognize and respect human rights, community rights, First Nations rights and rights of workers and send signed Policy. Interviews with staff confirm this.  All received dissolving pulp in 2020 in E. Miroglio EAD is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. This requirement is included in FSC FM standards.</p>
<p>7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</p>	<p><b>Conformance with Indicator:</b>  <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>  E. Miroglio EAD includes this requirement in its FSC procedure and implement it. This was confirmed during interview with Quality Manager.  The supplier is FSC certified and sub-supplier is FSC and PEFC certified. There have been no complaints lodged as of this audit, and therefore this requirement is not applicable.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and Company structure to recognize and respect the rights of its workers.</p>	<p><b>Conformance with Indicator:</b>  <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>  E. Miroglio EAD implements this requirement. The company has developed internal rules which include the requirement. Interviewed staff are aware with rules and their rights. Also, ILO requirements are included in Bulgarian laws. Interviews with staff confirm this.  ILO requirements are applicable for all EU Members and supplier and sub-supplier of E. Miroglio EAD implement them.  Additionally, FSC and PEFC standards include a commitment to uphold the ILO Declaration, where both suppliers are certified under those schemes.</p>

<p>7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>	<p><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>  E. Miroglio EAD has developed procedures with this requirement. All received dissolving pulp in 2020 in E. Miroglio EAD is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified.  Its supplier and sub-supplier uphold the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work as this requirement is part of FSC and PEFC certification requirements.</p>
<p>7.6 Recognition and respect for human rights is demonstrated by the MMCF producer and its pulp suppliers. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  E. Miroglio EAD, its supplier and sub-supplier recognise and respect human rights. This is included in FSC and PEFC standards. There are no known social conflicts found. This was confirmed from conducted interviews.  As this indicator is a summary of 7.1-7.5 it is being graded as commitment met.</p>
<p><b>Summary:</b> E. Miroglio EAD has developed procedures with requirement to implement FPIC, human rights, community rights and rights of workers, ILO and send signed Policy. ILO requirements are included in Bulgarian laws and the company implement them.  All received dissolving pulp in 2020 in E. Miroglio EAD is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020). ILO requirements are part from FSC and PEFC standards and its supplier and sub-supplier implement them.  Also, the requirements for implementation of FPIC and ILO are included in FSC FM standards.</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,</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>

<p>such as agricultural residues and recycled fibers.**</p>	<p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> E. Miroglio EAD has researched for alternative fibers but has yet found one that meets its technical requirements. Please note that new technology is currently being developed that looks promising for continuous filament and we will keep you informed as we learn more.</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 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> The organization plans to discuss with its sub-supplier the use recycled material during production of dissolving pulp. This was confirmed from Quality Manager during the interviews.</p>
<p><b>Summary:</b> E. Miroglio EAD has researched for alternative fibers but has yet found one that meets its technical requirements. Therefore it has not entered into commercial scale production.</p>	

9. Advocacy for conservation solutions	
Indicators	Findings
<p>9.1 The MMCF producer has a track record of participating in events and taking actions that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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 main customers, supplier and sub-supplier are informed for its preparation to participate in CanopyStyle initiative. During the audit Quality Manager explained that the company develops Application in its internal system with all maintain standards and announcement its preparation to participate in CanopyStyle initiative. In future this Application will be publicly available on its website. The company is in contact with local NGO regarding joint initiatives for conservation of rare species and their habitats.</p>
<p>9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable</p>

<p>development solutions including Free, Prior and Informed Consent of affected indigenous and local communities.**</p>	<p> <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></p> <p>The company is new to the CanopyStyle Initiative and therefore has not yet been prompted to use its influence to promote conservation. However E. Miroglio EAD is in contact with national NGO (Green Balkans), which will develop some common initiatives for conservation of rare species and their habitats.</p>
<p>9.3 The MMCF producer publicly supports large scale scientifically based conservation solutions, international and national target(s) and programs for preserving designated protected and conservation areas including the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<p><b>Conformance with Indicator:</b></p> <p> <input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input checked="" type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available         </p> <p><b>Description of the finding:</b></p> <p>All main customers, supplier and sub-supplier are informed for its preparation to participate in CanopyStyle initiative. They are FSC certified and maintain its requirements.</p> <p>E. Miroglio EAD sent signed Policy that they support conservation solutions, international and national target(s) and programs for preserving designated protected and conservation areas including FPIC. This Policy is publicly available to its website and was sent to its supplier and sub-supplier.</p> <p>E. Miroglio EAD is in contact with national NGO (Green Balkans), which will develop some common initiatives for conservation of rare species and their habitats.</p> <p>This indicator is being graded as not met, as it is looking for more support than policy. The company is new to the CanopyStyle Initiative and has not yet publicly supported large scale conservation. It is open to doing so in the future.</p>
<p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.**</p>	<p><b>Conformance with Indicator:</b></p> <p> <input type="checkbox"/> Not Applicable  <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>E. Miroglio EAD has developed the procedure that they will develop and implement specific programs to increase the endangered species population and the maintenance of their habitat. The company will start working in line with this program. This was confirmed during interviews with Quality Manager.</p> <p>E. Miroglio EAD is in contact with national NGO (Green Balkans), which will develop some common initiatives for conservation of rare species and their habitats.</p>
<p><b>Summary:</b> All main customers, supplier and sub-supplier are informed for its preparation to participate in CanopyStyle initiative. During the audit Quality Manager explained that the company develops Application in its internal system with all maintain standards and announcement its preparation to participate in CanopyStyle initiative. In future this Application will be publicly available on its website.</p> <p>E. Miroglio EAD is in contact with a national NGO, Green Balkans) to, develop some initiatives for conservation of rare species and their habitats.</p>	

10. Responsible forest management	
Indicators	Findings
<p>10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake.**</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>All received dissolving pulp in 2020 in E. Miroglio EAD is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as low risk supply chain in Classification of Dissolving Pulp mills (October 2019).</p> <p>E. Miroglio EAD developed procedure where is mentioned that they use only FSC certified dissolving pulp. This is included in signed agreement with its supplier.</p> <p>Quality Manager explained that they will continue to use only FSC certified sources.</p>
<p><b>Summary:</b> E. Miroglio EAD will continue to use only FSC certified sources.</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</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>

	<input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> E. Miroglio EAD has developed procedure to evaluate their suppliers' performance in reducing GHG. This is included in signed Policy, which is publicly available on its website and sent to its supplier and sub-supplier via e-mail.
11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.	<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> . Its supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as having "no known sourcing issues" in Classification of Dissolving Pulp mills (August 2020). The sub-supplier does not source tropical peatlands and/or intact forest landscapes.
11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **	<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> All received dissolving pulp in 2020 in E. Miroglio EAD is FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as low risk supply chain in Classification of Dissolving Pulp mills (October 2019). The sub-supplier does not source tropical peatlands and/or intact forest landscapes.
<b>Summary:</b> E. Miroglio EAD has developed procedure to evaluate their suppliers' performance in reducing GHG and to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes. This is included in signed Policy, which is publicly available on its website and sent to its supplier and sub-supplier via e-mail. Its supplier is FSC certified and sub-supplier is FSC and PEFC certified. The sub-supplier is classified as having "no known sourcing issues" in Classification of Dissolving Pulp mills (August 2020). The sub-supplier does not source tropical peatlands and/or intact forest landscapes.	

12. Pollution Prevention	
Indicators	Findings
12.1 This verification process <u>will not</u> address the pulp and viscose manufacturing process	<b>Conformance with Indicator:</b> <input checked="" type="checkbox"/> Not Applicable

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

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

**Description of the finding:**

The CanopyStyle audit will not report on this indicator. However, findings are still provided below.

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

E. Miroglio made regular measurements of air and water emission in qualified laboratories and it is not found any violations.

The company has a waste water treatment process that ensures water is cleaner than when they took it from the river. They have developed separate waste collection and implement it. They have made many investments over the last years and will continue to work in this way.

E. Miroglio EAD has the following investment plan: "Replacement of the centrifuge and dyeing apparatus in the dyeing department with new ones, without changing the capacity, raw materials and materials, permitted by cor N°107-H1" (last amendment 2020).

The company explained that lyocell process is not applicable in their process. Quality Manager is aware with ZDHC new viscose guidelines.

**Summary:** E. Miroglio EAD has made many investments over the last years and will continue to work in this way. They made regular measurements of air and water emission in qualified laboratories and it is not found any violations.

\*\* Indicates Critical Indicators

## Appendix II: Standard Checklist (CanopyStyle Verification Framework – Viscose Mill Checklist)

### 1. Evaluation of Site: E. Miroglio EAD – production site in Svishtov

<b>Primary Responsible Person:</b> (Responsible for control system at site(s))	Penyo Penev, Quality Manager
<b>Auditor(s):</b>	Alexandra Alexandrova
<b>People Interviewed, Titles:</b>	Penyo Penev, Quality Manager Lyusein Angelov, Deputy Technology & Quality Manager Andrey Rankov, Head of Chemical Department Rosen Lyubenov, Head of Spinning Department Aneliya Metodieva, Head of Rewinding Department Lyubomir Nikolov, Head of Maintenance Department Tsetska Krasteva, Head of all Laboratories Iliyan Stefanov, Worker in Chemical Department Korneliya Kircheva, Ecology, Wholesome and Safety labor Svetoslav Spasov, Head of Supply Department Zornitsa Klimentova, Worker in Supply Department
<b>Brief Overview of Audit Process for this Location:</b>	This audit is conducted through Desktop, together with the corporate sourcing checklists.
<b>Comments:</b>	-

### 2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy	
Indicators	Findings
1.10 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.**	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**	<p><b>Description of the finding:</b></p> <p>E. Miroglio EAD has only one production site for viscose. The management staffs are the same key personnel. The company has the same procedures to be implemented at corporate sourcing and mill.</p> <p>During the interviews, the management staff confirmed knowledge and demonstrate commitment to implement the policy.</p> <p><b>Conformance with Indicator:</b></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  <b>Description of the finding:</b> E. Miroglio EAD has only one production site for viscose. The management staff is the same key staff. The company has the same procedures to be implemented at corporate sourcing and mill.
<p><b>Summary:</b> E. Miroglio EAD has only one production site for viscose. The management staff is the same key staff. The company has the same procedures to be implemented at corporate sourcing and mill.</p> <p>During the interviews, the management staff confirmed knowledge and demonstrate commitment to implement the policy.</p>	

2. Sourcing from transparent supply chains that are in conformance with the policy.	
Indicators	Findings
<p>2.6 The production site/mill maintains all <u>purchase and sales</u>, documentation related to the wood fiber <u>inputs</u>. Such documentation includes an identification of the forest of origin.</p>	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <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><b>Description of the finding:</b></p> <p>E. Miroglio EAD maintains all purchase and sales, documentation related to the wood fiber inputs. During the audit, invoices for purchased inputs were checked.</p> <p>E. Miroglio EAD uses one supplier and one sub-supplier. The supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020). The company sent request to the sub-supplier for information for origin of used timber and they sent information for countries of origin. However, the invoices do not included forest of origin.</p>
<p>2.7 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u>. Such documentation includes an identification of the forest of origin.</p>	<p><b>Conformance with Indicator:</b></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><b>Description of the finding:</b></p> <p>E. Miroglio EAD maintains delivery documentation received with the wood fiber inputs. During the audit they transport</p>

	<p>documentations and certificates of delivery for purchased inputs.</p> <p>E. Miroglio EAD uses one supplier and one sub-supplier. The supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020). The company sent request to the sub-supplier for information for origin of used timber and they sent information for countries of origin. However, the transport documentations and certificates of delivery do not included forest of origin.</p>
<p>2.8 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  All invoices, transport documentations and certificates of delivery meet the criteria.</p>
<p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  E. Miroglio EAD has on-line internal system with all purchased inputs and sold output. This information can be visible for corporate sourcing and this production site. They maintain a summary of annual purchases and then sales</p>
<p>2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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 transport documents contain FSC code and FSC claim of supplier. However, no information on forest of origin is specified.</p>
<p><b>Summary:</b> All invoices and transport documents contain FSC code and FSC claim of supplier. However, no information on forest of origin is specified.</p>	

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

Indicators	Findings
<p>4.4 The production site/mill is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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 production site is aware with all relevant local, national and international laws and applies them in practice. There is no evidence of non-compliance with relevant laws. This was confirmed during interviews with Quality Manager.</p>
<p>4.5 Production site/mill understands the definitions of Ancient and Endangered forests and controversial sources. They also comply with the commitment to not procure wood from Ancient and Endangered forests and 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>  Production site understands the definitions of Ancient and Endangered forests and controversial sources. They implement the same Policy and procedures as corporate sourcing. This was confirmed during conducted interviews with staff. Production site also comply with the commitment to not procure wood from Ancient and Endangered forests and controversial sources. They use only FSC certified inputs.</p>
<p>4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  Production site is under the same management as corporate sourcing – E. Miroglio EAD. They assessed that its supplier and sub-supplier do not source timber from ancient and endangered forests and other controversial forests. During 2020 all received inputs are FSC certified with claim FSC Mix Credit. The supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in</p>

	Classification of Dissolving Pulp mills (August 2020).
<p>4.7 The sourcing from regions that contain Ancient and Endangered forests and other controversial sources is verified to low risk by this CanopyStyle audit.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <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>  E. Miroglio EAD (production site + corporate sourcing) uses one supplier and one sub-supplier. The supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>
<p><b>Summary:</b> E. Miroglio EAD (production site + corporate sourcing) uses one supplier and one sub-supplier. The supplier is FSC certified and sub-supplier holds FSC and PEFC certificates. The dissolving pulp receive direct by sub-supplier. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).</p>	

5. Actions if suppliers contravene criteria	
Indicators	Findings
<p>5.4 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.</p>	<p><b>Conformance with Indicator:</b></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>  Production site and corporate sourcing – E. Miroglio EAD do not have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified. However, the organization has developed a system to check its supplier conformance with the Policy through its implementation of FSC and ISO certificate schemes, including checking the supplier’s documentation system. Quality Manager is responsible to ensure that all the suppliers are in conformance.  E. Miroglio EAD sent the Policy to its supplier and sub-supplier via e-mail They sent signed statements that they support protection and preservation of Ancient and Endangered forest and work in compliance with Canopy. The sub-supplier is classified as having “no known</p>

	sourcing issues” in Classification of Dissolving Pulp mills (August 2020).
<b>Summary:</b> E. Miroglio EAD sent the Policy to its supplier and sub-supplier via e-mail They sent signed statements that they support protection and preservation of Ancient and Endangered forest and work in compliance with Canopy. The sub-supplier is classified as having “no known sourcing issues” in Classification of Dissolving Pulp mills (August 2020).	

## Appendix III: RECOMMENDATIONS FOR IMPROVEMENT

The CanopyStyle Initiative has developed these recommendations to provide direction on how companies should address some of the main non-conformities found in this audit report.

These recommendations have been developed by Canopy, presented to the company for feedback, and are provided as an appendix in this audit report for use by the company and auditors, starting immediately after finalization of the audit report.

Canopy applauds E. Miroglio for completing its first CanopyStyle audit. The audit confirms low risk of sourcing from Ancient and Endangered Forests and other controversial sources. It also confirms that the company's inputs are entirely FSC Mix.

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

- Include requirements to implement its wood sourcing policy in contracts with current and future supplier.
- Develop a monitoring system to ensure supplier conformance with its wood sourcing policy, as well as system for withdrawing purchases if non-conformances are found.
- Enhance its risk assessment to include an assessment of risks related to controversial sources, such as the conversion of forests to plantations and the use of GMOs.
- Adopt ambitious targets for testing, and piloting Next Generation alternative fibres, for the purpose of integrating them into products in a commercially competitive way.
- With support from Canopy, begin to support advocacy actions for the conservation of key priority forest regions.
- 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<sup>1</sup> 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 E. Miroglio 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 reduce risk in your supply chain. We look forward to working collaboratively with E. Miroglio to address any outstanding issues.