



CanopyStyle Audit Report for Cosmo Specialty Fibers

Assessment 2022

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INTRODUCTION

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

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

The purpose of this report is to document performance of *Cosmo Specialty Fibers* hereafter referred to as “Cosmo”, against the requirements of the Verification Framework and Guidelines, (November 2021 version¹) and related guidance documents² developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)³ and the over 480 brands, retailers and designers looking to implement their sourcing policies for man-made cellulosic textiles. The focus of this verification audit is to manage the risk and avoid sourcing from ancient and endangered forests and other controversial sources and implement other sustainable sourcing measures, across the supply chain from the point of wood harvesting in forests and/or plantations and through to the brand and retail customers. Man-made cellulosic fibre (MMCF) producers, are required to document and provide evidence towards a set of pre-defined social and environmental criteria and key progress indicators as part of the CanopyStyle initiative.

The audit presents the findings of Preferred by Nature auditors who have evaluated company systems and performance against the applicable standard(s). Section 4 below provides the evaluation conclusions. The auditor reviewed and used Canopy’s map of ancient and endangered forests, which has been overlaid with the sourcing regions and list of suppliers of the company to assess the level of risk, as well as further guidance document such as the Dissolving Pulp Classification Tool and the Advice Note on Ancient and Endangered Forests⁴.

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

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

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

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

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

1. GENERAL DESCRIPTION

1.1 Company overview

Cosmo Specialty Fibers, Inc. (Cosmo) is a dissolving pulp manufacturer located in Cosmopolis, Washington. Cosmo is an affiliate of The Gores Group and was established to restore, restart and operate the former Weyerhaeuser Specialty Cellulose Mill. Cosmo Specialty Fibers produces lyocell, viscose, acetate, ethers, MCC and nitrocellulose dissolving pulp. Products are made from Pacific Northwest U.S.A. softwoods, primarily Douglas Fir (*Pseudotsuga menziesii*) and western hemlock (*Tsuga heterophylla*). Cosmo's raw material supply of wood chips comes from 11 suppliers: 9 lumber and veneer mills and two whole log chip mills. The chip supply comes from within a 100 mile radius of the Cosmo plant. Cosmo's suppliers source logs from forests primarily from southwest Washington.

Central National-Gottesman, Inc., (CNG) based in New York, is the exclusive world-wide sales agent for Cosmo Specialty Fibers. CNG is one of the largest privately held pulp, paper, packaging and tissue companies in the world with offices in New York, Hong Kong, Beijing, Tokyo, Mexico, Buenos Aires and Vienna. Essentially, CNG sells the Cosmo product and Cosmo ships the product directly to the customer. Many customers are Man-Made Cellulosic Fiber Manufacturers who have committed to the CanopyStyle Framework.

In addition to CanopyStyle Framework Cosmo holds Forest Stewardship Council (FSC) Chain of Custody with Controlled Wood (CoC), Program for the Endorsement of Forest Certification (PEFC) CoC and SFI sourcing certificates.

1.2 Company scope (sites, locations, etc)

Cosmo headquarters and mill at 1701 1st. Street, Cosmopolis, WA. 98537

1.3 Company sourcing policy

Cosmo's sourcing policy can be found on their website entitled *Ancient and Endangered Forest Conservation Vision and Forest Fiber Procurement Policy*.

<https://cosmospecialtyfibers.com/about/social-environmental-stewardship> The vision statement reads: "Cosmo is committed to demonstrating environmental and social leadership in the dissolving pulp and man-made cellulosic fiber sector. They have eliminated sourcing of fiber from the world's Ancient and Endangered Forests and other controversial fiber sources. They are working toward partnerships with other companies, suppliers, customers, and Canopy to reduce carbon emissions and advance conservation of the world's critically important high carbon value (HCS) and biodiverse (HCV) forest ecosystems".

2. EVALUATION SCOPE

This is a remote audit. There were no site visits.

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 type="checkbox"/> Listed in supplier CoC form	<input checked="" type="checkbox"/> Other suppliers

Majority Fiber Input:	Wood Chips	
Map of Ancient and Endangered Forests Overlay Completed:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No Comments:
Mill Capacity:	170, 000 metric ton/year	
Primary Activity:	Manufacturing dissolving pulp	
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: 157	Permanent female: 14
	Contract male: 0	Contract female: 0
	TOTAL: 171	

Sites included in evaluation	Location
Administration and Mill	1701 1st. Street Cosmopolis, Washington USA 98537

3. EVALUATION PROCESS

3.1 Audit Team

Auditor name(s)	Qualifications
Walter Smith	Walter has 17 years experience in logging, training, forest resource and business management and 25 years experience in social and environmental sustainability auditing through such schemes as Forest Stewardship Council (FSC), CanopyStyle, Rainforest Alliance, and corporate sustainable policy evaluation and assurance services.

3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
Cosmo headquarters	28 April 2022	Three hours of staff interviews and three hours of document review
Five Cosmo Suppliers: Alta Forest Products Hampton Forest Products Murphy Plywood Weyerhaeuser, Raymond Willis Enterprises, Moon Island	2,4,5, 9, and 10 May 2022	Seven hours of staff interviews and five hours of document review.

3.3 Description of Overall Audit Process

The audit of Cosmo and suppliers was accomplished remotely via an online meeting program. The audit included interviews of key personnel, review of policies, operations, standard operating procedures documents, Washington Department of Natural Resources (DNR) documents and review of Canopy Forest Mapper, FSC US risk assessment maps and Google maps.

Five of Cosmo's eleven or 45% of the suppliers were audited. Suppliers were audited because they source their raw materials directly from the forest. Cosmo does not have a direct relationship with the forests of origin (forestland owners). The suppliers were selected to obtain a representative sample of company size and product type. There were sawmills that produce dimensional lumber and specialty lumber products, veneer and plywood mill where waste material is chipped and sold to Cosmo, and whole log chipping operation that provides chips to Cosmo. The intensity of the sample was based on Canopy's Forest Mapper that showed that southwest Washington and northwest Oregon where Cosmo sources chips is Coastal Temperate Rainforest, a priority landscape where Ancient and Endangered Forests exist.

The audit of the Cosmo operation consisted of introductions, an overview of the company profile and operations, interviews with several principal officers, including the CEO, that are part of the team responsible for implementing their policy to eliminate Ancient and Endangered Forests and Other Controversial Sources from their raw material supply chain. They provided verbal and documented evidence requested by the auditor.

Each of the suppliers who participated in the audit included one or more employees either directly responsible for implementing their sourcing policies or an employee who has knowledge of their entire operation. They provided input and documents for tracking logs from forest of origin to their facilities through the manufacturing process and sales to Cosmo.

The audits were concluded with a closing meeting where Cosmo and suppliers were provided with some feedback in terms of conformance and the audit reporting process.

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

Cosmo has publicly committed to implementing their sourcing policy. Their policy conforms with the CanopyStyle requirement and is posted on their website. The Cosmo CEO made it clear in a statement to the auditor that the company wants to be a leader in sustainability and corporate responsibility.

Cosmo has systems in place to track their inputs from suppliers to the mill. Cosmo has documented procedures that meet FSC and PEFC Chain of Custody (COC) requirements. Additionally, Cosmo holds a FSC CoC-CW certificate whereby a risk assessment of the supply area has been documented and they conform to the Sustainable Forestry Initiative (SFI) Fiber Sourcing policy. They require a supplier declaration where the supplier must report what counties the forests are in where they procure logs. These systems and procedures provide partial conformance with the CanopyStyle Framework in that a source tracking system exists and the supplier declarations provide a regional location of the forests where the chip supply comes from.

Four of the five suppliers have PEFC CoC and SFI sourcing certificate. One has FSC CoC. Those with CoC or SFI sourcing are required by these certifications to have a materials tracking system. The suppliers interviewed all know the forest of origin from where they source logs. They have provided documentation to the auditor in the form of a purchase order and weigh ticket that shows the forest of origin, landowner, species, and other pertinent information. In most cases, the suppliers' log buyers/foresters visit the forest to ascertain log quality and species and in some cases adherence to state laws. They have also provided their sales (volume) summary of chips sent to Cosmo.

This provides partial conformance with the CanopyStyle Framework in that the forest of origin is known and the suppliers have a tracking system that identifies materials from the forest to the customer.

Cosmo relies primarily on Washinton DNR conservation measures to avoid Ancient and Endangered Forests. These systems are not designed to protect Ancient and Endangered Forests per se but do offer protection for the majority of the state's old growth, as well as species at risk. This, plus evidence about the diameter of trees harvested, and the fact that the company sources material from long converted secondary forests, suggest that Cosmo is at low risk of sourcing from Ancient and Endangered Forests.

Areas for Improvement:

While Cosmo and suppliers know the forest of origin and many are either FSC, SFI or PEFC certified, the suppliers audited are not clear on the concept of Ancient and Endangered Forests. They comply with regulations about old growth and Threatened and Endangered Species. Nearly all of the forestlands where the suppliers purchase logs are either FSC or SFI certified and those schemes have various conservation criteria. However, from interviews with the suppliers they appeared to not fully understand

Ancient and Endangered Forest definition. Therefore, committing to not supply from Ancient and Endangered Forest cannot be meaningfully accomplished other than relying on the State DNR or the certification schemes conservation efforts.

As mentioned above, relying on Washington DNR measures allows Cosmo to be at low risk of sourcing from Ancient and Endangered Forests. However, Cosmo’s due diligence system does not include site visits to confirm that supplier commitments of not harvesting in AEF are being followed and therefore while risk is low, it is not zero.

Cosmo and suppliers are not well versed in the concept of Free Prior and Informed Consent. If the forestland is FSC certified there are criteria for requiring FPIC. During the audit only the Washington DNR owned forestlands were identified as FSC certified. PEFC has criteria on Indigenous and community rights, but no FPIC criteria. Moreover, not all suppliers and not all forestlands are certified, therefore the implementation of FPIC would be inconsistent.

The CanopyStyle Framework requires that companies increase their inputs of FSC certified raw material. At the time of the audit, Cosmo includes 73% of fiber from forests and mills certified by SFI and PEFC and zero from FSC. There is some FSC inputs in their raw material, but according to the volume summary submitted by Cosmo it is not counted.

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 producer is committed to be in compliance with their MMCF customer’s Fiber Sourcing/Forest Policies and the goals of the CanopyStyle Initiative.	1.1 The supplier is aware of the policies of the MMCF customers and understands its responsibility to be in full compliance with it.	Commitment in Progress
	1.2 The supplier has procedures, or specific due diligence system, in place that shows it is compliant with the MMCF producer’s policy.	Commitment in Progress
2. The dissolving pulp producer only sources raw material from suppliers that are transparent, traceable and are in conformance with their MMCF customer policy	2.1 The dissolving pulp production site/mill maintains a list of suppliers, as well as all purchase and sales documentation related to the wood fiber inputs. Documentation must include an identification of the forest of origin, and certification status if relevant.	Commitment in Progress

	2.2 The mill/production site maintains all delivery documentation received with the wood fiber inputs. Documentation must include an identification of the forest of origin, and certification status if relevant.	Commitment in Progress
	2.3 When sourcing from certified materials or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.	Commitment Met
	2.4 The production site maintains a summary of annual purchases and then sales to the MMCF products.	Commitment Met
3. No conversion of natural forest to plantations * *as defined by Forest Stewardship Council Principles and Criteria – definitions	3.1 The initial date of the plantation development has been documented and sourcing only occurs in plantations established before 1994.	Commitment in Progress
4. Any sourcing from Ancient and Endangered forests and other controversial sources have been eliminated	4.1 The dissolving pulp supplier is aware of all relevant local, national and international laws and there is no evidence of non compliance, with local, national or international laws.**	Commitment Met
	4.2 The dissolving pulp supplier has conducted an assessment of presence of Ancient and Endangered forests as <i>outlined in the Advice Note</i> and other controversial sources in their wood supply areas .	Commitment in Progress
	4.3. Wood suppliers comply with the commitment to not supply wood from Priority Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources.	Commitment in Progress
	4.4 Wood suppliers comply with the commitment to not supply wood from Other Ancient and Endangered forests, as <i>outlined in the Advice Note</i> .	Commitment in Progress
	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 dissolving pulp producer will eliminate the risk or engage the supplier to change practices	5.1 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the MMCF customer policy and sanctions to suppliers in such cases where non-conformances are identified.	Commitment in Progress
	5.2 The MMCF producer has developed procedures for engaging with suppliers, including an option of withdrawing from	Commitment Met

	<p>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>	
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found **	Not Applicable
6. If sourcing from Priority Ancient and Endangered forests, the dissolving pulp producer (and/ore suppliers) can document that the three criteria listed above are in place.	6.1 The dissolving pulp supplier shares documentation that large-scale scientifically-based thresholds of conservation have been met in its sourcing area, as well as protections for species at risk.	Commitment in Progress
	6.2 The dissolving pulp supplier is utilizing FSC certified inputs and is producing FSC products.	Commitment in Progress
	6.3 The dissolving pulp producer requires all of its suppliers to adhere to all elements in 6.1 to protect large-scale areas based on scientific thresholds for conservation.	Commitment in Progress
	6.4 The dissolving pulp producer requires of its suppliers and/or their associations to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision- makers in a way that meets principles of Free Prior and Informed Consent.**	Commitment in Progress
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 production site/mill has developed and requires its forest/wood suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**	Commitment in Progress
	7.2 Forest/wood Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **	Commitment in Progress
	7.3 The MMCF producer and its forest/wood suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.	Commitment in Progress

	7.4 The MMCF producer and its forest/wood suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.	Commitment Met
	7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers (forest/wood suppliers) uphold the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.	Commitment in Progress
	7.6 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations.**	Commitment in Progress

4.3 Volume Summaries⁵

Reporting period:2021

Category	Explanation	Volume (admt)	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	0	0
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	31,965.6	26
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	969.2	1
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).	0	0
Non-FSC	Material received with no FSC claim.	0	0
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	88,813.1	73

⁵ The volume summary is provided by the organization.

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

1. Evaluation of Cosmo Specialty Fibers

Primary Responsible Person: (Responsible for control system at site(s))	Larry Davis, Director, Strategic Initiatives
Auditor(s):	Walter Smith
People Interviewed, Titles:	Larry Davis, Director, Strategic Initiatives Choa Moua, Operations Manager Eric Larsen, CFO Jesse Sherman, Senior Accountant Melanie Stratton, Logistics Manager Nick Dottino, CEO
Brief Overview of Audit Process for this Location:	Same as above in section 3
Comments:	The five suppliers audited as part of the Cosmo audit: Alta Forest Products Hampton Forest Products Murphy Plywood Weyerhaeuser, Raymond Willis Enterrpises, Moon Island

2. Standard Checklist

1. The producer is committed to be in compliance with their MMCF customer’s Fiber Sourcing/Forest Policies and the goals of the CanopyStyle Initiative.	
Indicators	Findings
1.1 The suppliers is aware of the policies of the MMCF customers and understand its responsibility to be in full compliance with it.	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p>Description of the finding:</p> <p>While Cosmo is a dissolving pulp manufacturer, it has developed its own policy that aligns with the CanopyStyle Sourcing Policy rather than relying soley on the MMCF policies. Cosmo has a number of customers with CanopyStyle policies. Cosmo spent several years working with Canopy to develop the policy and to</p>

	<p>provide feedback to the CanopyStyle indicators for a dissolving pulp operation and suppliers.</p> <p>Cosmo began this journey when customers who had CanopyStyle sourcing policies inquired about Cosmo's supply. The Cosmo sourcing area is in temperate rainforest that contains Canopy priority Ancient and Endangered Forests. Cosmo responded to these inquiries by contacting Canopy to create their own policy and procedures.</p> <p>The auditor has reviewed the Cosmo <i>Ancient and Endangered Forest Conservation Vision and Forest Fiber Procurement Policy</i> and finds that it conforms with the Canopy standard. Moreover, Cosmo Strategic Initiatives Director and CEO verbally assured the auditor that they understood their responsibility to implement the policy.</p> <p>Four of the five suppliers audited had reviewed Cosmo's policy. None of the suppliers have their own policy. It is not clear from the interviews that the suppliers understand their responsibilities. Those that have a FSC/PEFC CoC certificate or SFI sourcing certificate rely heavily those procedures to track the logs from the forest to the mills. Other than that they follow state forestry laws with respect to old growth, endangered species, wetlands, archeological sites, etc.</p>
<p>1.2 The supplier has procedures, or specific due diligence system, in place that shows it is compliant with the MMCF producer's policy.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Cosmo has systems in place to track their inputs from suppliers to the mill. Cosmo has documented procedures that meet FSC and PEFC Chain of Custody (COC) requirements. Additionally, Cosmo holds a FSC CoC-CW certificate whereby a risk assessment of the supply area has been documented. In addition they conform to the SFI Fiber Sourcing policy. They also require the suppliers to provide county level locations of their forest sourcing area for a given year. However, the due diligence system is lacking because it does not include periodic forest level monitoring of the supplier's raw material inputs. The SOP, purchase agreements and certification documents were reviewed by the auditor. However, occasional site visits do occur. For example, a harvest on an industrial forestland was being protested as containing an old</p>

	<p>growth forest. The proponents of protecting this forest state: <i>The Wynoochee Remnant totals approximately 50 acres and is comprised of a 20-acre old-growth cedar/hemlock forest located next to a high conservation value wetland, as well as several dozen outlying giant Douglas Fir trees and old-growth snags.</i> The 20 acre cedar and hemlock stand is being preserved. According to Cosmo’s Strategic Initiatives Director, who is also a forester and visited the site, the remaining area containing remnant old growth Douglas Fir did not meet the definition of Ancient and Endangered Forest. The Douglas fir portion of the site was harvested, but the old growth trees were preserved.</p> <p>All of the suppliers have due diligence systems. Their log buyers or foresters visit most of the forests where they purchase logs. They make sure that the landowner has a permit and primarily check out the quality and size of the trees. They rely on the Washington State DNR to identify old growth, endangered species, wetlands, cultural sites, etc. The purchase order documents (that includes location, landowner, log seller, species, legal and other requirements) CoC (where relevant) and transportation documents were reviewed by the auditor.</p> <p>Not all suppliers shared the documents given confidentiality issues. However, through interview with the suppliers, all of the suppliers follow very similar procedures.</p>
<p>Summary: Cosmo clearly has a Canopy Ancient and Endangered Forest conforming policy. Cosmo’s due diligence system does not include forest site visits. Suppliers are not evaluating the forest sites for Ancient and Endangered Forests, but rely on Washington State DNR to identify ecologically significant sites for protection</p>	

2. The dissolving pulp producer only sources raw material from suppliers that are transparent, traceable and are in conformance with their MMCF customer policy	
Indicators	Findings
<p>2.1 The dissolving pulp production site/mill maintains a list of suppliers, as well as all purchase and sales documentation related to the wood fiber inputs. Documentation must include an identification of the forest of origin, and certification status if relevant.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p>

	<p>Description of the finding:</p> <p>Cosmo has provided a list of suppliers, and purchase and sales documentation to the auditor. The purchase documents provide the relevant information on the supplier, e.g. name, location, species, tonnage, certification etc. Cosmo follows their FSC and PEFC CoC certification procedures for certified inputs. In terms of forest of origin, suppliers to Cosmo must fill out a "Supplier Declaration" that includes that the supplier indicate that "...the fiber/ raw material provided to Cosmo originates from the location(s) listed."The locations are not forest (landowner) specific, but identified by county of origin. The suppliers track fiber by forest of origin but only provide Cosmo with county of origin.</p> <p>Moreover, when developing their Due Diligence System (DDS) for FSC CoC-CW, they overlaid an ownership map with the FSC risk assessment map to see if there was a possibility of a forestland owner overlapping with a high risk forest area. None were found.</p> <p>Maps need to be augmented by ground-truthing to refine the accuracy.</p> <p>A list of suppliers as well as purchase and sales documentation were reviewed by the auditor as evidence.</p>
<p>2.2 The mill/production site maintains all delivery documentation received with the wood fiber inputs. Documentation must include an identification of the forest of origin, and certification status if relevant.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Cosmo and suppliers maintain all delivery documentation.</p> <p>Cosmo requires a Chip Supply Agreement and Supplier Declaration that includes the location (by county) of the forest of origin and certification status before a chip supply can be accepted into the chip yard.</p> <p>The yard workers confirm that sourced fiber originates from an area covered under the scope of the PEFC Controversial Sources/ FSC controlled Wood Risk Assessments. They also ensure that any chips, deemed "uncontrolled" (i.e., not FSC certified, not FSC Controlled</p>

	<p>Wood certified, or not included within the scope of the Cosmo Controlled Wood) are not accepted.</p> <p>The delivery documents are entered into a computer program. It includes the chip supplier's certification claim, percent certified, and supplier's CoC certificate # (for certified wood) is noted on payment transaction documentation.</p> <p>The suppliers require that when the logs arrive at the mill the transportation documents quote the purchase order. The forest of origin (location) is on the transport document and linked to the purchase order. The purchase order would also contain the certification status of the forestland owner if applicable. Not all suppliers are PEFC or FSC CoC certified, but if they are and are supplying from certified forestlands the certification code would be on the delivery documents.</p> <p>A sample of supplier transportation and delivery documents and summaries were provided to the auditor as evidence.</p> <p><i>Conformance is graded as Commitment in Progress given that Cosmo only knows the county of origin of logs that go to their suppliers. Cosmo's FSC CoC/CW certificate also includes Willis Enterprises Moon Island. For that supplier Cosmo would have access to the forest of origin.</i></p>
<p>2.3 When sourcing from certified materials or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Cosmo has an FSC CoC/CW and PEFC CoC certificate. Certified material is tracked as noted above in 2.2. Many, but not all, suppliers have FSC or PEFC CoC certificates and SFI sourcing certificate. The relevant claim information is recorded on delivery documents. Not all suppliers make a claim on product sales. If they do they follow the certification standards regarding claims. Only Cosmo, Willis and one other supplier that was sampled during the audit has FSC CoC.</p>
<p>2.4 The production site maintains a summary of annual purchases and then sales to the MMCF products.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

	<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>Description of the finding: Cosmo maintains an annual summary of purchases and sales. Purchases are recorded by the individual supplier of chips and by total from all suppliers. While Cosmo sells all of its products through a sales agent, Central National-Gottesman, Inc., (CNG) based in New York, it does maintain a record of the MMCF companies that buy their pulp and the amounts. CNG sells the pulp, but Cosmo ships the product directly to the customer.</p> <p>The purchases and sales summary documents were reviewed by the auditor as evidence of conformance.</p>
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Summary: Suppliers know the forest of origin by landowner Cosmo only knows the forest of origin by county. Cosmo and most suppliers are either FSC or PEFC CoC certified, therefore they can track their raw material and when purchasing certified material the certification code is included. Cosmo and suppliers keep a summary of purchases and sales.

3. No conversion of natural forest to plantations *

***as defined by Forest Stewardship Council Principles and Criteria – definitions**

Indicators	Findings
3.1 The initial date of the plantation development has been documented and sourcing only occurs in plantations established before 1994.	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding: There was no evidence provided by Cosmo or suppliers of the date of which the forests where Cosmo’s fiber is sourced were converted to secondary plantation forest. The evidence – such as historic records - suggests that most of the timber production forestland was first harvested starting in the late 19th century up to the 1970’s. Towns like Cosmopolis, Shelton, Hoquiam, Raymond, Aberdeen and surrounding forest area is historically timber production. A look at Google Earth shows the extent of industrial forest management on the landscape and</p>

	where the private lands abut the Olympic national forest and park.
Summary: Available evidence suggests that most of the timber production forestland was harvested starting in the late 19 th century and the 1970's. However, there was no specific evidence related to individual forests that provides conversion dates.	

4. Any sourcing from Ancient and Endangered forests and other controversial sources have been eliminated	
Indicators	Findings
4.1 The dissolving pulp supplier is aware of all relevant local, national and international laws and there is no evidence of non compliance, with local, national or international laws.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: While the auditor did not interview law enforcement agencies, there is no evidence via internet search that Cosmo is not complying with local, state, national or international laws. Cosmo has committed to comply with the values of the FSC and process fiber that are not from FSC's policy on controversial sources.</p>
4.2 The dissolving pulp supplier has conducted an assessment of presence of Ancient and Endangered forests as <i>outlined in the Advice Note</i> and other controversial sources in their wood supply areas .	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Cosmo holds a FSC CoC-CW certificate whereby a risk assessment (carried out by Zimmfor Management Services) of the supply area has been documented. When developing their Due Diligence System (DDS) for FSC CoC-CW, they overlayed an ownership map with the FSC risk assessment map to see if there was a possibility of a forestland owner overlapping with a high risk forest area. None were found. Cosmo also conducted a high level comparison of its sourcing area with ForestMapper and had detailed discussions with Canopy about it's impact on specific Ancient and Endangered Forest values. However, the due diligence system is lacking because, for the most part, it does not include periodic forest level monitoring of the</p>

	<p>supplier's raw material inputs. Cosmo did visit one harvest where Ancient and Endangered forest might be present and concluded that it was not Ancient and Endangered Forest. Credit is given to Cosmo's risk assessment, therefore conformance is in progress.</p>
<p>4.3. Wood suppliers comply with the commitment to not supply wood from Priority Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The suppliers audited are not clear on the concept of Ancient and Endangered Forests. They comply with Washington State regulations about old growth and Threatened and Endangered Species. Nearly all of the forestlands where the suppliers purchase logs are either FSC or SFI certified and those schemes have conservation criteria. However, from interviews with the suppliers they appeared to not fully understand Ancient and Endangered Forest definition. However, the State DNR forest practice laws are effective enough that the risk of Ancient and Endangered Forests entering Cosmo's supply are low.</p> <p>The suppliers audited cannot receive logs larger than 32 inches with most limited to 28 inches or less on the large end. These are manufacturing limitations. While this is not a guarantee that they are not getting logs from an Ancient and Endangered Forest, it does mean that the logs are likely from secondary, plantation forests. Moreover, the log buyers and foresters who work for the suppliers visit most of the forests prior to offering a purchase agreement in order to assess the quality of the logs including diameter. They also make sure that the landowner has a permit from the State that would have included environmental review data (location of wetlands, endangered species, archaeological sites, etc.)</p> <p>In terms of other controversial sources, four of the five suppliers audited are PEFC or FSC CoC and/or SFI sourcing policy certified and are committed to not sourcing from material deemed unacceptable as outlined in the respective certification scheme criteria.</p> <p>Conformance can therefore be graded as in progress.</p>

<p>4.4 Wood suppliers comply with the commitment to not supply wood from Other Ancient and Endangered forests, as <i>outlined in the Advice Note</i>.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: See finding above. The suppliers do not firmly understand “other Ancient and Endangered forests”</p>
<p>4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The <i>commitment</i> to not source from Ancient and Endangered Forests has been verified via commitment statements on Cosmo website and other FSC CoC-CW documented procedures. While FSC Controlled wood cannot offer assurances regarding Ancient and Endangered Forests, Washington DNR conservation measures do offer additional assurances. However, the <i>implementation</i> of the commitment has not been verified. Neither Cosmo or the auditor has been to the field to verify the sources, except in one case mentioned in Indicator 1.2</p>
<p>Summary: Cosmo and suppliers are aware of state, national and international laws. While Cosmo has done an FSC risk assessment, as well as a risk assessment for the presence of Ancient and Endangered Forests, the suppliers are not clear on the definition of Ancient and Endangered forests and other controversial sources. The implementation of the commitment to not source from Ancient and Endangered Forests has not been verified on the ground.</p>	

5. If suppliers contravene these criteria, the dissolving pulp producer will eliminate the risk or engage the supplier to change practices	
Indicators	Findings
<p>5.1 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the MDCF customer policy and sanctions to suppliers in such cases where non-conformances are identified.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	<p>Cosmo’s monitoring of the suppliers is through the Washington DNR measures, CoC certification procedures, CoC third party audits and via the supplier declaration document. The forestlands that are FSC or SFI certified are monitored annually by the respective scheme. There are no site visits of the suppliers undertaken by Cosmo.</p> <p>Although most suppliers are at the very least audited by third parties, they are not directly monitored by Cosmo and not all suppliers are certified by either scheme.</p>
<p>5.2 The MMCF producer has developed procedures for engaging with suppliers, including an option of withdrawing from purchase and other agreements in situations where non-conformance is found. **</p> <p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Cosmo engages the suppliers through their supplier declaration and purchase agreements. They will not accept chips from a supplier that does not sign the declaration. Cosmo does have the option through their purchase agreements to withdraw from a relationship if certain elements of the agreement/contract are not met. Through their engagement with suppliers that includes FSC or PEFC or SFI Sourcing procedures, there are specific requirements, including not sourcing from controversial sources as defined by the certification schemes. They have also added elements of their Canopy commitment in the declaration form.</p> <p>Given that there are a couple of mechanisms for withdrawing from purchase agreements (the declaration and adhering to CoC requirements), the indicator can be graded as met.</p>
<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found **</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>There have been no withdrawals to date.</p>
<p>Summary: Cosmo does not monitor the suppliers, but relies on DNR measures and third party monitoring implemented by the forest certification schemes. They do have the ability to withdraw from purchase contracts is requirements of the contract is not fulfilled.</p>	

Indicator 6 - IMPORTANT Exceptional Element

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

The three criteria to meet this indicator include:

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

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

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

Indicators	Findings
<p>6.1 The dissolving pulp supplier shares documentation that large-scale scientifically-based thresholds of conservation have been met in its sourcing area, as well as protections for species at risk.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>While Cosmo's supply is not coming from Ancient and Endangered Forests, indicator 6 is nonetheless applicable because the Cosmo supplied is in coastal temperate rainforest. Ancient and Endangered Forests found in coastal temperate rainforest is a CanopyStyle priority for conservation. Coastal temperate rainforests are a priority for conservation because they are one of the rarest forest types. In any case, Cosmo and suppliers rely on Washington DNR to establish conservation and protections for species at risk. Washington State DNR has divisions of forest practice compliance, Habitat Conservation and Natural</p>

	<p>Areas programs. Washington’s conservation measures are some of the most robust in the U.S and they preserve unique habitats (including old-growth) on DNR lands and a concerted effort to preserve unique on private lands wherever they can. It is therefore likely that these programs would conserve Ancient and Endangered Forests. The sourcing area is near the Olympic national forest and Park (federal) where large scale conservation efforts are being implemented. Cosmo shared no information on large scale scientifically-based thresholds of conservation, but benefits from the measures state actors and other stakeholders have developed over time.</p> <p>Information on Washington’s conservation programs (forest practices, habitat consevation plans, and natural heritage program) can be found here: https://www.dnr.wa.gov/programs-and-services/forest-practices</p> <p>The example of the <i>Wynoochee Remnant</i> outlined in Indicator 1.2 points to the ability for newly identified old-growth habitats to be added to the conservation network when demanded by civil society groups.</p>
<p>6.2 The dissolving pulp supplier is utilizing FSC certified inputs and is producing FSC products.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Cosmo is FSC CoC-CW certified and does receive FSC mix inputs from at least one supplier and makes the FSC CoC-CW claim on export documents to the customer. A sample bill of lading was reviewed by the auditor as evidence.</p> <p>Given that they receive a portion of their supply as FSC, the indicator can be graded as commitment in progress.</p>
<p>6.3 The dissolving pulp producer requires all of its suppliers to adhere to all elements in 6.1 to protect large-scale areas based on scientific thresholds for conservation.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	<p>The findings in 6.1 would essentially apply here. It is not clear to the auditor whether Cosmo or suppliers understand this requirement. Cosmo and all of the suppliers rely on the State DNR for conservation initiatives. Moreover, the sourcing area is near the Olympic national forest and Park (federal) where large scale conservation efforts are being implemented.</p>
<p>6.4 The dissolving pulp producer requires of its suppliers and/or their associations to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free Prior and Informed Consent.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Decisions on forest conservation are left to the State, and major conservation programs have been legislated. It is unknown whether Washington DNR utilizes FPIC in their decision making. FSC certified forestlands would be required to implement FPIC in land-use decisions, however, Cosmo is not requiring it. SFI does not require FPIC.</p>
<p>Summary: Cosmo and suppliers rely on Washington DNR to establish conservation and protections for species at risk and old-growth. Washington State DNR has divisions of forest practice compliance, Habitat Conservation and Natural Areas programs. It is likely that these programs conserve Ancient and Endangered Forests, but not necessarily comply with FPIC. The sourcing area is near the Olympic national forest and Park (federal) where large scale conservation efforts are being implemented. Cosmo or suppliers shared no information on large scale scientifically-based thresholds of conservation. Some of the raw material inputs are from FSC certified sources.</p>	

<p>7. The dissolving pulp 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.</p>	
<p>Indicators</p>	<p>Findings</p>
<p>7.1 The production site/mill has developed and requires its forest/wood suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Cosmo has a commitment to FPIC in its policy and requires the same of its suppliers (though declaration) However, there is no</p>

	<p>evidence that the suppliers have FPIC policies and are implementing FPIC.</p> <p>The forests that are FSC have criteria for FPIC or equivalent and grievance processes. However, the SFI certified forests do not require FPIC. Given that there are some coverage of FPIC, the indicator can be graded as Commitment in Progress.</p>
<p>7.2 Forest/wood Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Cosmo and all of the suppliers audited have an HR department whereby worker rights are monitored. Some have a third party to accept worker grievances if the worker who has a complaint is not comfortable going through the company HR. The auditor reviewed a sample of worker complaints procedures as evidence.</p> <p>Cosmo and suppliers are committed to ILO conventions and UN conventions on Human Rights through their FSC, PEFC, or SFI certification.</p> <p>Not all of the suppliers are certified to any of the certification schemes and did not provide evidence about how they are committed to Human, labor and Indigenous rights, therefore the indicator is graded as Commitment in Progress.</p>
<p>7.3 The MMCF producer and its forest/wood suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Cosmo and suppliers that are certified, including forestland owners, are required to have a grievance policy by the certification schemes. They are not necessarily required include or have agreement with the aggrieved party or stakeholders. In, addition, not all suppliers are certified.</p> <p>Given that not all suppliers are certified and grievance policy requirements do not</p>

	necessarily conform with 7.3. Therefore Commitment in Progress.
<p>7.4 The MMCF producer and its forest/wood suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Cosmo and the suppliers audited have HR departments and have internal policies that are provided to the workers via employment handbooks. Each employer is bound to comply with State and Federal labor laws. Evidence was obtained through interviews and review of one employee handbook. Again, the FSC and PEFC CoC certificates and Forest Management certification requires worker rights protections.</p>
<p>7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers (forest/wood suppliers) uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Cosmo and suppliers and forestland owners are committed to ILO declaration on the Fundamental Principles and Rights at Work through their FSC, PEFC, or SFI certification. However, Cosmo and suppliers do not have procedures to ensure their suppliers uphold the ILO declaration. Because most of the suppliers and forestland owners have pledged commitment to the ILO Declaration through their FSC,SFI or PEFC certification, the indicator is graded Commitment in Progress.</p>
<p>7.6 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: A check of the Washington State Human Rights Commission website found no evidence of current human rights violations for Cosmo or any of its suppliers. There is no</p>

	evidence available to confirm that Cosmo or suppliers are avoiding or failing to resolve social conflicts or remedy past human rights violations.
<p>Summary: Cosmo has an FPIC policy but its suppliers do not have FPIC policies and are not implementing FPIC.</p> <p>The forests that are FSC or PEFC certified have criteria for FPIC or equivalent and grievance processes. However, SFI certified forests do not require FPIC. Cosmo and all of the suppliers audited have an HR department whereby worker rights are monitored. Some have a third party to accept worker grievances if the worker who has a complaint is not comfortable going through the company HR. Cosmo and suppliers that are certified, including forestland owners, are required to have a grievance policy by the certification schemes. They are not necessarily required include or have agreement with the aggrieved party or stakeholders. Cosmo and suppliers and forestland owners are committed to ILO declaration on the Fundamental Principles and Rights at Work through their FSC, PEFC, or SFI certification. Not all of the suppliers are certified.</p>	

Appendix D: 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.



Recommendations for Cosmo Specialty Fiber for continuous improvement

June 2022

Canopy applauds Cosmo for seeking out a verification audit for its dissolving pulp operations. The report concludes that the company is at low risk of sourcing from Ancient and Endangered Forests, due to the fact that the it sources is from long-established second-growth plantations established and the fact that Washington's state's has a strong regulatory framework for protections for old-growth habitats.

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

1. Develop specific procedures to monitor CanopyStyle policy commitments, such as regular field monitoring of suppliers, to ensure that no harvesting of Ancient & Endangered Forests is taking place in the supply area, and that adequate buffer areas are in place to prevent blowdown.
2. Use the best available science for the assessment of presence of old-growth, including the forthcoming American Conservation and Stewardship Atlas.
3. Conduct an assessment of Washington state forestry regulations ability to meet scientific thresholds for conservation.
4. Conduct training seminars on Ancient & Endangered Forests, and Free Prior and Informed Consent (FPIC) for Cosmo procurement staff, as well as supplier procurement staff and foresters.
5. Track the status of the Wynoochee Remnant to ensure it receives formal conservation designation, as well as any other newly identified old-growth stands that are not protected.
6. Increase the percentage of Forest Stewardship Council certified inputs over time, with preference for FSC 100%, and encourage your suppliers to seek FSC certification.

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

Once again, we commend Cosmo on its proactive development of a procurement policy, and its collaboration to reduce risk in the MMCF supply chain.

We look forward to working collaboratively with Cosmo to address any outstanding issues.