



CanopyStyle Audit Report

for ENKA GmbH & Co. KG

Annual audit 2021

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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 **ENKA GmbH & Co. KG** hereafter referred to as “Company”, against the requirements of the Verification Framework and Guidelines, (September 2020 version¹) and related guidance documents² developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)³ and the 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 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

ENKA manufactures endless viscose yarns (multi-filament yarns) from pure cellulose under the trademark ENKA® Viscose in different make-ups for demanding textile fabric producers. The production and central warehouse of ENKA are located in Industriecenter Obernburg since 1924, the largest chemical fibre manufacturing site in Western Europe. An additional textile treatment plant is located in Gorzow, Poland since 1996. Marketing of ENKA products is managed by their sales office in Wuppertal, the historic birthplace of the company in 1899. ENKA is a daughter company of International Chemical Investors Group and holds memberships in various associations related to man-made fibres and filament yarns.

Viscose filament yarns are manufactured under ENKA's own proprietary technology in a complex manufacturing process that can take up to six weeks. Such yarns consist of multiples of endless single filaments, which are wound on bobbins or beams at the end of the manufacturing process. Two possible activities occur outside of ENKA's own manufacturing plant in Obernburg that includes winding of filament yarn (ENKA Spzoo, Poland), and chemical treatment of pulp (Cordenka, Germany).

ENKA's wood sourcing is from one sole supplier, whose dissolving pulp manufacturing facilities are located in the Florida, United States. ENKA sources softwood species of slash pine (*Pinus elliottii*) and loblolly pine (*Pinus taeda*). ENKA holds FSC Chain of Custody certification and sources all inputs as a minimum FSC Mix certified.

ENKA is certified according to ISO 9001:2015, ISO 50001:2018, FSC Chain of Custody and has developed its own Wood Pulp Procurement Policy for Protecting Forests that aligns with the CanopyStyle Initiative. In its Wood Pulp Procurement Policy ENKA has committed to:

- Conservation of Ancient and Endangered Forests and Intact Forest Landscapes.
- Recognizing, Respecting and Upholding Human Rights and the Rights of Communities
- Forest Certification, Further Advancement of Sustainable Sourcing and Forest Protection
- Transparency, Traceability and Verification
- Reduction of Environmental Impacts
- Public Communications

1.2 Company scope (sites, locations, etc)

This evaluation of ENKA's raw material sourcing is a desk audit. ENKA's production of viscose filament yarn is being audited under a single scope against the requirements of the CanopyStyle Verification Framework and Guidelines, (September 2020 version).

The objective of this audit is to gather appropriate evidence to verify whether ancient and endangered forests and/or controversial sources are potentially in the supply chain. Where risk is moderate to high, and when documents provided are limited or insufficient to come to such conclusion with certainty, additional onsite audits would be required at any of the mills or suppliers.

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:		
Map of Ancient and Endangered Forests Overlay Completed:	<input checked="" type="checkbox"/> Yes ENKA sole supplier has been assessed in Canopy's Dissolving Pulp Classification Tool.	<input type="checkbox"/> No Comments:
Mill Capacity:	8000 tons	
Primary Activity:	Manufacturing of viscose filament yarn	
Outsourcing:	<input type="checkbox"/> FSC-certified subcontractors	<input checked="" type="checkbox"/> Non-certified subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
	<input type="checkbox"/> No outsourcing	
Workforce:	Permanent male: 224	Permanent female: 20
	Contract male: 0	Contract female: 0
	TOTAL: 224	TOTAL: 20

Sites included in evaluation	Location
ENKA GmbH and Co. KG	Obernburg, Germany

3. EVALUATION PROCESS

3.1 Audit Team

Auditor name(s)	Qualifications
Michael Kutschke	<p>Michael is Rainforest Alliance Sustainable Agriculture CoC / FSC / LegalSource Lead Auditor covering Germany, Austria and Switzerland. Michael is our main Preferred by Nature contact for Germany, Austria and Switzerland. He is active in FSC and PEFC chain of custody lead auditing, FSC FM and CoC lead auditing and FSC Trademark agent.</p> <p>Michael has a professional background in forestry. He has worked in several state enterprises doing forest inventories.</p> <p>He went to New Zealand for a year to work in a forest research company in addition to a reforestation programme. He also participated in a project related to GPS logging in Norway. Since he was still studying, he wanted to work with certification projects. Preferred by Nature gave him the opportunity to work with what he ever wanted.</p> <p>Michael speaks German, English and Norwegian. He joined Preferred by Nature in 2014.</p>

3.2 Audit Overview

Site(s)	Audit date	Total desk audit time (Hours)
ENKA GmbH & Co. KG Industrie Center Obernburg 63784 Obernburg	03.09.2021	5 hours

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

3.3 Description of Overall Audit Process

See separate audit plan

1. Overview of the audit process and the scope of the audit.
2. Sourcing Policy and Communication efforts of the policy according to the indicators
3. Review Supplier List, Volume Summaries and Risk Assessment
4. Evaluation of certification systems in place and procedures in place to meet these requirements related to human rights.
5. Evaluation of conservation efforts and responsible forest management.
6. Evaluation of pollution prevention and management.

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

ENKA sources pulp from one supplier based in Switzerland, GP Cellulose GmbH. (new since spring 2021) ENKA holds FSC Chain of Custody certification and sources all inputs through GP as FSC Mix from Southeastern United States (Georgia and Florida).

Areas for Improvement:

In summary, the Preferred by Nature verification audit provides evidence confirming that ENKA is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. Some challenges remain to fully implement the commitment throughout the company's supply chain. Additional work is required to fully meet all of the critical and progressive criteria.

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
GP Cellulose GmbH	Low risk	No sourcing issues identified based on current information and/or CanopyStyle audit.

4.2 Summary of findings

Rating	Color
Not Applicable	Grey
Commitment Met	Green
Commitment in Progress	Yellow
Commitment Not Met	Red
Insufficient Information Available	Grey

** 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 **	Green
	1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	Green
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	Green

	1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	
	1.8 The MMCF producer has put in place a grievance procedure.	
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	
	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	
2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	2.1 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. **	
	2.2 The assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	
	2.3 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.	
	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.	
	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.	
3. No conversion of natural forest to plantations	3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre	

	1994, or post 1994 with a supporting valid FSC certificate. **	
4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated	4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered forests", "intact forest", "natural forest", "endangered species", "controversial sources", "high conservation value", "high carbon area", "peatlands", etc. that are consistent with this document and the forest sourcing policy template. **	
	4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group. **	
	4.3 Any raw materials in the MMCF producer's supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills. **	
	4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **	
	4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **	
5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	5.1 All MMCF producers' suppliers are identified and the forest of origin is known. **	
	5.2 The MMCF producer has developed procedures for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. ** (Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)	
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 When requested, Canopy, the Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	
	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. **	
	6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **	
	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. **	
	6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free Prior and Informed Consent. **	
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. **	
	7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **	
	7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.	
	7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.	

	7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.	
	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. **	
8. Development of Innovative and Alternative Fiber	8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers. **	
	8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	
9. Voluntary advocacy for conservation solutions	9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim protect remaining ancient and endangered forests. **	
	9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions that have the Free, Prior and Informed Consent of affected indigenous and local communities. **	
	9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.	
	9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs. **	
10. Responsible forest management	10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake. **	
11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing	11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.	

the importance of forests and peatlands as carbon storehouses		
	11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.	
	11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **	
12. Pollution Prevention	<p>12.1 * This verification process <u>will not</u> verify at first hand the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality.</p> <p>Canopy expects MMCF producers to invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process), and to implement the ZDHC new viscose guidelines available at https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</p>	

4.3 Volume Summaries⁵

Reporting period:

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)		
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System		
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	2053 tonnes* *(reporting period March 2021-audit)	100%
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).		
Non-FSC	Material received with no FSC claim.		
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)		

⁵ The volume summary is provided by the organization.

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

1. Evaluation of Site: ENKA GmbH & Co. KG

Primary Responsible Person: (Responsible for control system at site(s))	Yasutaro Geiger Dr. Till Boldt
Auditor(s):	Michael Kutschke
People Interviewed, Titles:	Yasutaro Geiger, Head of QHSE
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments:	

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>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: The organization has developed and committed to implement implemented a Wood Pulp Procurement Policy that is posted publicly on the ENKA website. Managing Director Dr. Till Boldt has signed this policy commitment.</p>
1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</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: ENKA's Wood Pulp Procurement Policy is on the website. ENKA shares adoption of the policy</p>

	<p>with its sole supplier, GP Cellulose GmbH in Switzerland.</p> <p>ENKA has a new contract with GP Cellulose GmbH. Most recent renewal was in the beginning of 2021. Raw materials are purchased by management director, Wolfgang Menrath. Contract regarding volumes and pricing are forecasted periodically throughout the contract term.</p>
<p>1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA has assigned purchasing personnel and managing directors with responsibility for policy implementation. This has been confirmed with interviews with managing directors, Dr. Till Bold (signatory on policy) and Wolfgang Menrath (purchasing).</p>
<p>1.4 The MMCF producer has developed capacity and Company structure to implement the Policy.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA makes use of one supplier, making the task to implement the policy quite simple. The auditor confirmed through interviews with managing director and review of organization structure, that they have developed the capacity and structure to implement the policy.</p>
<p>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA sources from one supplier, GP Cellulose GmbH, who has also committed to the same policy objectives. The supplier is aware of ENKAs commitment to implement their policy.</p>
<p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met</p>

	<input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Current contracts have a requirement to implement the policy.
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: ENKA does not audit their supplier, they rely on FSC auditing system. Information on sourcing is provided each year with the supplier's commitment policy.
<p>1.8 The MMCF producer has put in place a grievance procedure.</p>	Conformance with Indicator: <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 Description of the finding: ENKA has a grievance procedure as required by the FSC standards which is applicable to all other thematic within the company.
<p>1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**</p>	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: There have been no grievances or nonconformities received by ENKA.
<p>1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**</p>	Conformance with Indicator: <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 Description of the finding: Interviews with Mr. Geiger confirmed knowledge and commitment to the policy.

<p>1.11 Each production site manager has developed procedures to implement the Policy, when relevant.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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: ENKA has documented procedures specific to the policy for ancient and endangered forests and other controversial sources. ENKA's procedures rely on sourcing FSC Certified pulp.</p>
<p>Summary:</p>	

2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	
Indicators	Findings
<p>2.1 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. **</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: ENKA has developed an assessment of their supply chain. They only purchase from one supplier, GP Cellulose LLC, which sources from the Georgia and Florida. Most material is sourced from small private landowners and other material originates from forest lands owned by corporations. The supplier has not disclosed their supplier list, or exact FMU locations.</p> <p>ENKA notes in their assessment that according to the forest mapper, that some Ancient and Endangered Forests exists in the Everglades (in both Florida and Georgia), however, they note that the supplier's FSC Controlled Wood public summary indicates that these risk areas are avoided, or the risk is mitigated through a control measure. All material is received with an FSC Mix claim.</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>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>ENKA makes use of one supplier, GP Cellulose that sources their wood from United States. This information is provided in their sourcing information form.</p>
<p>2.3 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The assessment was updated for this audit and has been shared with Canopy. ENKA also would share it with the Leaders Group, upon request.</p>
<p>2.4 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human rights and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.</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: ENKA's risk assessment does considers the aspects of legality, violation of human risks and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism specifically, referencing the FSC US Risk assessment (2019).</p> <p>The FSC US Risk assessment indicates low risk for legality, violation of human rights and GMOs. There is specified risk, which the supplier is either avoiding or mitigating for conversion of forests, according to the public summary. Of note however, that the definition of conversion for FSC US NRA is different than the one used by FSC more generally. However, the Canopy Dissolving Pulp Classification tool rates this supplier as low risk due to additional mitigation measures taken by the mill.</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>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: ENKA has published suppliers publicly on their website: http://www.enka.de/nachhaltigkeit_2_en.php. Business partners that are interested</p>

	<p>are given access to this information. ENKA holds an FSC Chain of Custody certificate that provides the track and trace system that can be used throughout the supply chain. More progress is expected in future years for systems-wide tracking in the cellulosic textile industry. Until now the tracking system is not completely in place.</p>
<p>Summary: ENKA makes use of one supplier GP Cellulose GmbH. GP determined to be sourcing from supply areas with low risk for ancient and endangered forests and other controversial sources.</p>	

3. No conversion of natural forest to plantations	
Indicators	Findings
<p>3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate.**</p>	<p>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: ENKA does not have access to information regarding dates of plantation development in their supply chain. All incoming material carriers the claim FSC Mix. Only FSC 100% fully complies with this requirement, therefore ENKA's conformance with this indicator is in progress.</p>
<p>Summary:</p>	

4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated	
Indicators	Findings
<p>4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & 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>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: ENKA's Wood Pulp Procurement Policy notes the definition for ancient and endangered forests and Intact Forest Landscapes in a footnote and references Canopy's website for definitions for all other terms.</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</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress</p>

<p>Canopy, with permission to share Leaders Group.**</p>	<p><input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA sources FSC certified wood pulp only. The only supplier, GP Cellulose GmbH is identified as low risk in the Dissolving Pulp Classification tool. Therefore, no suppliers or fibre are identified as high risk and no such information shared with the Leaders Group.</p>
<p>4.3 Any raw materials in the MMCF producer's supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p>Conformance with Indicator: <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: 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>Conformance with Indicator: <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: ENKA is aware of relevant laws and is located in a country that is heavily regulated. This was determined via interviews with Managing Directors.</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: <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: ENKA sources FSC certified material only, however, FSC Mix pulp is purchased, which does not fully meet this requirement. Notably however, ENKA's sole supplier is rated as low risk in the Dissolving Pulp Tool.</p>
<p>Summary: ENKA sources from one supplier that has undergone a FSC audit. ENKA sources FSC certified material only. The supplier does not provide information about origin; however, they have been rated as low risk in the Dissolving Pulp Tool.</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
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<p>5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA is only sourcing FSC Mix material. ENKA has also requested forest of origin information, at the country level, to present in the supplier information form.</p>
<p>5.2 The MMCF producer has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found.**</p> <p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA makes use of a supply agreement that requests general terms and conditions both parties agree with cancellation of purchases and sales that do not meet ENKA's requirements (see 1.5).</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: No such actions have taken place.</p>
<p>Summary: ENKA currently makes use of one supplier. As such, ENKA has a strong relationship and engagement with their sole supplier of pulp. ENKA sources FSC Mix inputs and has agreements in place in case the supplier is able to meet this purchase request. At this time, ENKA has not ever had to withdraw from supply agreements due to this.</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 permitted to participate freely and to report observations during this verification process. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met</p>

	<input type="checkbox"/> Insufficient Information Available Description of the finding: ENKA is agreeable to having the Leaders Group and other stakeholders in participation, however no formal reaction or response has been received.
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. **	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding:
6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public.**	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding:
6.4 The 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.**	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding:
6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding:
Summary:	

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>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: ENKA's sole supplier, GP Cellulose GmbH has a policy that explicitly recognizes the rights of indigenous and traditional communities: https://www.gp.com/legal/legal-notice/statement-on-forest-protection-and-sustainable-practices.</p>
<p>7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input 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: ENKA's sole supplier, GP Cellulose GmbH holds FSC CoC Certification. The supplier sources from Florida and Georgia in the United States. Conformance to the requirement for commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers is demonstrated by FSC-certification. The supplier sources from FSC 100% certified forests, which fully conform to this requirement. The supplier also documents their conformance to this requirement through their FSC Controlled Wood Due Diligence system.</p>
<p>7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.</p>	<p>Conformance with Indicator:</p> <p><input 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: FSC standards include requirements for complaints mechanism. 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 organizational</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met</p>

<p>structure to recognize and respect the rights of its workers.</p>	<p><input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: FSC CoC standards include a commitment to uphold the ILO Declaration.</p>
<p>7.5 The MMCF producer has developed procedures to ensure its Tier one 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: <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: FSC standards ensure that such rights are respected. There is no evidence to the contrary.</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>Conformance with Indicator: <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: FSC standards ensure that such rights are respected. There is no evidence to the contrary.</p>
<p>Summary: ENKA purchases FSC-certified material from supplier, sourcing from Florida and Georgia, USA. This supplier, GP Cellulose, is rated as low risk in Canopy’s Dissolving Pulp Classification Tool. The supplier sources FSC 100% and controlled inputs through an FSC Controlled Wood Due Diligence System. FSC standards in effect addresses and require the supplier to document conformance to the above indicators.</p>	

8. Development of Innovative and Alternative Fiber	
Indicators	Findings
<p>8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers.**</p>	<p>Conformance with Indicator: <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: Viscose filament yarn has quality specifications that do not currently allow for many alternative fibres. Recycled fibre for the most part. ENKA has done tests and trials in the past. The raw materials currently do not meet</p>

	<p>the specifications for their process which is more limited than viscose staple fibre. Nevertheless is ENKA constantly searching for new alternatives.</p>
<p>8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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 above</p>
<p>Summary:</p>	

9. Advocacy for conservation solutions	
Indicators	Findings
<p>9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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: ENKA has participated in a number of events with Canopy. ENKA is continually advocating sustainable materials to customer base (“the story” told to the market) through speeches at events and conversations with the fashion industry about the choice of raw materials.</p>
<p>9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions including Free, Prior and Informed Consent of affected indigenous and local communities.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company has a track record of supporting conservation solutions. ENKA has provided the auditor with letters of support addressed to local governments, demonstrating its brand and purchase influence on impact conservation and development solutions.</p>
<p>9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress</p>

<p>that have the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<p><input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA's does not have a public statement noting its support of scientifically based conservation solutions, however they have broader statements of support sent to governments located in the Great Bear Rainforest and protection of Broadback Forest. Finally, they support of sustainable sourcing and sustainable forest management via the purchase of only FSC-certified materials.</p>
<p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.**</p>	<p>Conformance with Indicator: <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: ENKA is not involved in such programs.</p>
<p>Summary: ENKA has demonstrated their advocacy for conservation solutions via their purchase of certified material, participation in conservation events and letter send to local governments in support of conservation solutions in their area.</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>Conformance with Indicator: <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: ENKA is in the process of developing a strategic plan to increase FSC certified sourcing. They are working with customers to build that demand. All material currently is been sourced as FSC Mix material.</p>
<p>Summary: Goal of all material at least as FSC Mix certified is reached.</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</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable</p>

<p>reducing GHG.</p>	<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> <p>Description of the finding: ENKA verifies their supplier’s sustainability reports of GP with regards to GHG. For example, they noted that their supplier saw a reduction by 79% of SO2-emissions since 2010, a reduction of energy derived from solid fossil fuels, and an increase in biomass energy, as explained here: https://s3.amazonaws.com/s3.qp.com/wp-content/uploads/2021/11/17144444/Georgia-Pacific-Sustainability-Brochure-2021.pdf ENKA provided the auditing body with an analysis of this monitoring as well.</p>
<p>11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</p>	<p>Conformance with Indicator: <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: ENKA sources all pulp from GP Celluloses GmbH, who does not operate in Intact Forest Landscapes of tropical peatlands. They use FSC public summary information as well as the Dissolving Pulp Classification Tool to determine this.</p>
<p>11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **</p>	<p>Conformance with Indicator: <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: ENKA sources all pulp from GP Celluloses GmbH, who does not operate in Intact Forest Landscapes of tropical peatlands.</p>
<p>Summary: ENKA currently only sources from one supplier, GP Cellulose, who does not source from tropical peatlands or intact forest landscapes. The Organisation evaluate tracks the supplier’s GHG emissions via their sustainability report and has noted a reduction of energy derived from solid fossil fuels, and an increase in biomass energy.</p>	

12. Pollution Prevention	
Indicators	Findings

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

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

Conformance with Indicator:

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

Description of the finding:

The CanopyStyle audit will not report on this indicator.

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

Currently, ZDHC is in the process of developing suitable guidelines for the manufacturing of VFY, where ENKA is taking part in ZDHC's waste water pilot.

ENKA publishes its consumption and emission values on its website: [ENKA GmbH & Co. KG](https://www.enka.com). ENKA's data were assessed and evaluated by the Sustainable Apparel Coalition (SAC) in 2021 and uploaded to the Higg Materials Sustainability Index (Higg MSI). Additionally, ZDHC is in the process of developing suitable guidelines for the manufacturing of VFY, and ENKA is taking part in ZDHC's waste water pilot.

Summary:

** Indicates Critical Indicators

Appendix B: standard checklist (CanopyStyle Verification Framework – Viscose Mill Checklist)

1. Evaluation of Site: ENKA GmbH & Co. KG

Primary Responsible Person: (Responsible for control system at site(s))	Yasutaro Geiger Dr. Till Boldt
Auditor(s):	Michael Kutschke
People Interviewed, Titles:	Yasutaro Geiger, Head of QHSE
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments:	

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>Conformance with Indicator:</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>Conformance with Indicator:</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>Description of the finding: The organization has developed and committed to implement implemented a Wood Pulp Procurement Policy that is posted publicly on the ENKA website. Managing Director Dr. Till Boldt has signed this policy commitment.</p>
	<p>Description of the finding: The organization has developed and committed to implement implemented a Wood Pulp Procurement Policy that is posted publicly on the ENKA website. Managing</p>

	Director Dr. Till Boldt has signed this policy commitment.
Summary: The organization has developed and committed to implement implemented a Wood Pulp Procurement Policy that is posted publicly on the ENKA website. Managing Director Dr. Till Boldt has signed this policy commitment.	

2. Sourcing from transparent supply chains that are in conformance with the policy.

Indicators	Findings
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>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: ENKA makes use of one supplier, GP Cellulose that sources their wood from United States. This information is provided in their sourcing information form. Currently all incoming invoices state the FSC claim but not the origin. No sourcing issues identified based on current information about supplier GP Cellulose in the Dissolving Pulp Tool.</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>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: ENKA makes use of one supplier, GP Cellulose that sources their wood from United States. This information is provided in their sourcing information form. Currently all incoming invoices state the FSC claim but not the origin. No sourcing issues identified based on current information about supplier GP Cellulose in the Dissolving Pulp Tool.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: All invoices contain this information.
2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.	Conformance with Indicator: <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 Description of the finding: The current summary shows all incomes and sales.
2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: All supplier invoices contain the certification code and claim. Currently all incoming invoices state the FSC claim but not the origin. No sourcing issues identified based on current information about supplier GP Cellulose in the Dissolving Pulp Tool.
Summary: The Organisation receives material as FSC-certified. However, suppliers do not provide evidence of the origin of material. No sourcing issues identified based on current information about supplier GP Cellulose in the Dissolving Pulp Tool.	

4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.	
Indicators	Findings
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.**	Conformance with Indicator: <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 Description of the finding: All national regulations are followed. The national laws of workers' rights, taxes paid,

	<p>etc, are followed. This was demonstrated to the auditor via contracts and example invoices where taxes are declared. The responsible people could explain the relevant indicators.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The definition is understood and complied. The responsible people could explain the relevant indicators. The Dissolving Pulp tool indicates that there are no known risks with relation to sourcing for supplier GP Cellulose.</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>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: ENKA has provided an assessment of presence of ancient and endangered forests and other controversial sources in their wood supply area.</p>
<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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Dissolving Pulp tool indicates that there are no known risks with relation to sourcing for supplier GP Cellulose</p>
<p>Summary: The auditor found that mill staff were aware of the definition of Ancient and Endangered Forests. ENKA complies with the requirement to avoid sourcing from such areas. At this time, ENKA only purchases from one supplier, who is rated as low risk in the Dissolving Pulp Classification Tool.</p>	

5. Actions if suppliers contravene criteria	
Indicators	Findings
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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Organisation has a supplier monitoring program in place. No nonconformances have been detected. The mill is only purchasing FSC certified material.</p>
Summary: No nonconformances have been detected.	

7. Recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies.	
Indicators	Findings
7.1 The production site/mill has developed and adopts a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**	<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: ENKA's sole supplier, GP holds FSC CoC Certification verification framework. FSC forest management standards include requirements for FPIC, however FSC Controlled Wood standards do not mandate it. The supplier also sent a letter describing its commitment to Compliance, Ethics and EHS compliance. The letter, however, does not specifically discuss any policies, systems or procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.</p>
7.2 The production site/mill 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>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>ENKA's sole supplier, GP Cellulose GmbH holds FSC CoC Certification. FSC forest management standards include requirements for FPIC, however FSC Controlled Wood standards do not mandate it.</p> <p>The supplier also sent a letter describing its commitment to Compliance, Ethics and EHS compliance, with a link to the supplier's Company Code of Conduct. The Code of Conduct discusses a commitment to lawful employment practices (minimum age requirements, no use of forced labour, etc) and compliance with applicable laws related to freedom of association. However, the letter and Code of Conduct do not specifically address how human rights or First Nations/Indigenous rights are recognized and respected. As such, the indicator is graded as In Progress.</p>
<p>7.3 The production site/mills 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 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: FSC standards include requirements for complaints mechanism. There have been no complaints lodged as of this audit, and therefore this requirement is not applicable.</p>
<p>7.4 The production site/mill and its suppliers have developed internal capacity and Company 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: ENKA's sole supplier holds FSC CoC Certification. FSC CoC standards include a commitment to uphold the ILO Declaration. FSC CoC standards include a commitment to uphold the ILO Declaration.</p>
<p>7.5 The production site/mill has developed procedures to ensure commitment to the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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>FSC standards ensure that such rights are respected. There is no evidence to the contrary.</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 checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Organisation has demonstrated compliance with the requirement. No evidence to the contrary was found during the audit.</p>
<p>Summary: ENKA has demonstrated its commitment to recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain. At this time, the Organisation only works with one supplier, who is FSC certified. Inputs are sourced from FSC-certified forest or through an FSC Controlled Wood Due Diligence system. FSC Controlled Wood requirements do not fully meet all the indicators in section 7, therefore some indicators have been rated as Commitment in progress.</p>	

Appendix C: 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 ENKA for completing its second CanopyStyle audit. While ENKA's supplier has changed, the audit nonetheless 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 ENKA's policy commitments. Based on the review of the audit report, Canopy recommends the following next steps:

- Develop a monitoring system to ensure supplier conformance with its wood sourcing policy, as well conduct additional due diligence on plantation dates.
- Continue work to overcome technological challenges associated with the development of Next Generation alternative fibres for use in continuous viscose filament yarn, and develop ambitious targets and timelines for their integration into products in a commercially competitive way.
- With support from Canopy, continue to support advocacy actions for the conservation of key priority forest regions.
- Continue to work with ZDHC in the development of unified criteria for measuring output indicators like wastewater, sludge, air emissions and other process- related parameters for viscose filament yarn.

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 ENKA 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 ENKA to address any outstanding issues.