



# CanopyStyle Audit Report for PT. Rayon Utama Makmur

Assessment 2021

Evaluation date: 07 October 2021

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## Organisation Contact

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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 PT. Rayon Utama Makmur hereafter referred to as "Company", against the requirements of the Verification Framework and Guidelines, (September 2020 version<sup>1</sup>) and related guidance documents<sup>2</sup> developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)<sup>3</sup> and the over 400 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 documents such as the Dissolving Pulp Classification Tool and the Advice Note on Ancient and Endangered Forests<sup>4</sup>.

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

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

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

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

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

# 1. GENERAL DESCRIPTION

## 2.1. Company overview

PT. Rayon Utama Makmur as known as PT. RUM is a Rayon or Viscose Staple Fiber Manufacturer located in Sukoharjo, Central Java, Indonesia and part of PT. Sri Rejeki Isman, Tbk, which is a textile manufacturer in Indonesia. PT. Rayon Utama Makmur produce Viscose Staple Fiber (VSF) for the textile industry by using dissolving pulp as input material and has 80.000 tons capacity in a year.

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

PT. Rayon Utama Makmur Manufacturing site is located in Sukoharjo, precisely located in Jl. Raya Songgorunggi, Jatipuro, No.8, Km. 3.8, Ds. Plesan, Kec. Ngute, Kab. Sukoharjo, Central Java, Indonesia. PT. Rayon Utama Makmur produce Viscose Staple Fiber (VSF).

## 2.3. Company sourcing policy

PT Rayon Utama Makmur has committed to playing a leadership role in the dissolving pulp & cellulosic fibre industry and to work with wood fibre suppliers and Canopy in order to promote more sustainable forest management and the protection of ancient and endangered forests.

PT Rayon Utama Makmur has a commitment to production of cellulosic fibres & fabrics from wood fibre that is not sourced in the world's ancient and endangered forests, including areas such as Indonesia's tropical forests and Canada's Boreal Forest, unless meaningful conservation plans and FSC certification are in place.

PT. Rayon Utama Makmur Policies and certifications are published on the company's website:

<https://rum-indonesia.com/certification>

# 2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in supplier CoC form	<input type="checkbox"/> Other suppliers
Majority Fiber Input:	Dissolving Pulp	
Map of Ancient and Endangered Forests Overlay Completed:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
		Comments: The company did not provide a map to be

		verified, however the company provide a supplier list which contains information on material origin.
Mill Capacity:	80.000 ton/year	
Primary Activity:	Viscose Staple Fiber manufacturer (VSF)	
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: -	Permanent female: -
	Contract male: 992	Contract female: 108
	TOTAL: 1100	

Sites included in evaluation	Location
PT. Rayon Utama Makmur	Jl. Raya Songgoronggi, Jatipuro, No.8, Km. 3.8, Ds. Plesan, Kec. Ngute, Kab. Sukoharjo, Central Java, Indonesia

### 3. EVALUATION PROCESS

#### 3.1 Audit Team

Auditor name(s)	Qualifications
Arief Budiman	Arief is Chain of Custody Associate for Preferred by Nature Asia Pacific. He has been working on the CoC certification for Asia Pacific Client. He received ISO 9001 lead auditor, FSC Lead Auditor and has participated in FSC CoC Assessment and audit in Asia Pacific region such as Indonesia, Australia, Malaysia, Singapore, Hongkong, China, Vietnam, Thailand

### 3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
PT. Rayon Utama Makmur	07 October 2021	7 Hours

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

### 3.3 Description of Overall Audit Process

PT. Rayon Utama Makmur Canopy Verification was conducted on 07 October 2021 conducted by desk audit due to the limitations of Covid. The remote audit process began at 9:00 AM West Indonesia Time, with an initial meeting with Management Representative and staff in charge of CanopyStyle relations in the company, to provide information about audit process and audit agenda via Zoom. Interview and document review of document control system, which were sent prior the audit by the company, were held with management representative. Next, the auditor continued with interviews of staff involved in purchasing, warehouse, production, and safety representative to ensure the system worked and was implemented within the company. Site inspection conducted by using WhatsApp video and warehouse and production staff accompanied the auditor to the site starting from material warehouse, production area and final storage. The audit ended with closing meeting on 4:30 PM with Management Representative and most of staff related with the verification process and continued with question-and-answer session

## 4. EVALUATION RESULT

### 4.1 Evaluation Conclusion

Positive Findings:

The Company is sourcing dissolving pulp for making viscose staple fiber from suppliers that hold FSC (or PEFC) certification, which confirms they have signed commitments to comply with FSC's policy for association. No non-certified materials are sourced, and materials are either FSC Mix, FSC CW or PEFC.

Areas for Improvement:

Company purchases material from FSC certified pulp suppliers through a non-certified trading agent, which breaks the chain of custody. There are no contracts in place with the pulp suppliers.,

Additionally, procedures should provide more detailed information, for example

clearer descriptions of the process for responsible staff, their roles control and actions, and detailed information required on documents needed.

The company has three suppliers and has identified all three as low risk of sourcing from Ancient and Endangered forests, however this contradicts Canopy's findings in their Dissolving Pulp Classification Tool that identifies potential risk for one supplier in Canada, Rayonier (in close proximity to ancient and endangered forests).

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
Sodra Cell	Low risk	No sourcing issues identified based on current information and/or CanopyStyle audit.
Sappi	Low Risk	No sourcing issues identified based on current information and/or CanopyStyle audit.
Rayonier	Low Risk	Located within the Boreal Forest, and IFLs. Further Sourcing information and /or auditing required

## 4.2 Summary of findings

Rating	Color
Not Applicable	
Commitment Met	
Commitment in Progress	
Commitment Not Met	
Insufficient Information Available	

\*\* Indicates Critical Indicators

Key Commitment	Performance Indicators	Rating
1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy **	Commitment Met
	1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	Commitment Met
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	Commitment Met
	1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	Commitment Met
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all	Commitment Met

	its suppliers. **	
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	Commitment Not Met
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	Commitment in Progress
	1.8 The MMCF producer has put in place a grievance procedure.	Commitment Met
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	Commitment in Progress
	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	Commitment in Progress
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	Commitment in Progress
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. **	Commitment in Progress
	2.2 The assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	Commitment in Progress
	2.3 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.	Commitment in Progress
	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.	Commitment Met
	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.	Commitment Met
3. No conversion of natural forest to plantations	3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate. **	Commitment in Progress
4. Since the signature of the Policy, all sourcing from ancient and	4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered	Commitment Met



endangered forests and other controversial sources have been eliminated	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. **	Commitment in Progress
	4.3 Any raw materials in the MMCF producer's supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills. **	Commitment Met
	4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **	Commitment Met
	4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **	Commitment in Progress
5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	5.1 All MMCF producers' suppliers are identified and the forest of origin is known. **	Commitment in Progress
	5.2 The MMCF producer has developed procedures for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. ** (Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)	Commitment Met
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	Not Applicable
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 When requested, Canopy, the Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	Not Applicable
	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	Not Applicable

	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. **	Not Applicable
	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. **	Commitment in Progress
	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. **	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 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. **	Commitment in Progress
	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. **	Commitment in Progress
	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.	Commitment Met
	7.4 The MMCF producer and its 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 uphold the International Labour Organization (ILO) Declaration on	Commitment Met

	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. **	Commitment Met
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. **	Commitment in Progress
	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.	Commitment Not Met
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. **	Commitment in Progress
	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. **	Not Applicable
	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.	Commitment Not Met
	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. **	Commitment Not Met
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. **	Commitment in Progress
11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses	11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.	Commitment Not Met

	11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.	Commitment Not Met
	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. **	Commitment Not Met
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 <a href="https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released">https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</a></p>	Not Applicable

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

Reporting period: ending October 2021

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	11067,30	31.29
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	Controlled inputs purchased, but volume was not declared during the audit	0
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from	4275,62	12,09

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

		an FSC CoC certified company		
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)	20030,61	56,62

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

### 1. Evaluation of Site: PT. Rayon Utama Makmur

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Rio Rajendra Rodhin
Auditor(s):	Arief Budiman
People Interviewed, Titles:	Mr. Rio Rajendra Rodhin, Management Representative Mr. TunggulWulung, Deputy Management Representative Mrs. Wasanthi, Import Purchasing Mr. Rachmat, Director
Brief Overview of Audit Process for this Location:	Please refer to Section 2.3 above for Description of Overall Audit Process.
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  <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 sourcing policy is available in the company website : <a href="https://www.rum-indonesia.com/certification">https://www.rum-indonesia.com/certification</a> as well as in the company's facility such as canteen and employee entrance. The director, manager, supervisor and staff are aware and implementing the policy. Sourcing policy has made in two languages (English and Bahasa) to ensure all staff has good understanding and aware then implement the policy.</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  <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: The company has established operating procedure to implement the policy as required by CanopyStyle, the procedure contain information such as scope of verification, sourcing policy, determining supplier, development etc. and it has verified the procedure in relation to the policy that has been established by the company.
1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**	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: Key personnel have been established in the procedure of the company and key staff have read and are aware of the sourcing policy. During verification it was shown by interview with the staff and the key personnel that the policy was understood (see section 1 of this checklist) .
1.4 The MMCF producer has developed capacity and Company structure to implement the Policy.	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 company has established company structure with clear departments and responsibility, such as representatives for system management, purchase, finance etc. During the verification the staff mentioned in the company chart had carried out their responsibility and explained well his responsibility during interview.
1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**	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 company communicated with the suppliers to ensure material was supplied in accordance with the company's Policy via their website. Evidence of direct communication with pulp

	<p>suppliers is still needed. Company has committed to source material from non-controversial source and request to their supplier (trading broker) to provide documentation to support conformity.</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 type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input checked="" type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:  PT. Rayon Utama Makmur has communicated with their supplier to submit supporting documents. Since the purchase process with the supplier is handled by an agent, there is no direct contract between the company and the pulp producer at this time of the evaluation.</p>
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</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:  PT. Rayon Utama Makmur has developed a monitoring system to control their supplier's conformance by ensuring FSC certification is in place, and that their trading partner provides evidence of certified materials. However, the trader is not certified, and this monitoring system is not sufficient to meet the CanopyStyle policy.</p> <p>Of note however, that PT Rayon Utama Makmur purchases material through an uncertified affiliated broker. In this sense the chain of custody is broken. The Company makes a request to the broker to purchase the material specifying FSC claim and material type. The material is shipped directly from the supplier to PT RUM where the FSC claim, and quantity are verified against the purchase order.</p>
<p>1.8 The MMCF producer has put in place a grievance procedure.</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 established procedure a grievance procedure related with public compliant and recorded, the procedure has information about handling complaint properly, company seeks input from the civil society and stakeholder. The grievance procedure meets the requirements for the company's FSC certification as well.</p>
<p>1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**</p>	<p>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: Company has developed procedure to address if there is any non-conformance, however there was not an action plan to address any non-conformance and grievance received.</p>
<p>1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**</p>	<p>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: The company's procurement is done through an affiliated non-certified agent. During the site inspection, key staff demonstrated an awareness, but also confusion between the Policy and the company's FSC certification. As such, the commitment is not fully met.</p>
<p>1.11 Each production site manager has developed procedures to implement the Policy, when relevant.**</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: Company Relies on procedures for FSC certification, however not all materials were sourced as FSC (some PEFC materials), a non-certified agent is used, and FSC procedures are not sufficient to meet the CanopyStyle policy.</p>
<p>Summary: The company develop procedure to address the CanopyStyle requirement and sourcing policy has published in the company website, However, the company procedure requires</p>	

more detail, especially for monitoring of suppliers and risk assessment of sourcing. Company has established a grievance procedure with civil society and stakeholder. The Company has demonstrated a commitment in progress to the Policy, mostly support through their own FSC CoC certification and their sourcing of certified materials.

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 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 company implements a traceability system within the scope of their FSC certification, and input material has been validated by the company and identified as FSC and/or PEFC material.</p> <p>However, in some cases, information about origin was not provided and the company did not make use of CanopyStyle tools like the Forest Mapper and the Dissolving Pulp Classification tool.</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 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 company knows the country of origin, based on the FSC public summaries and available maps. Company collects an invoice and a packing slip from its supplier, however, not all information about forest origin is presented in such documents. Material is delivered by FSC or PEFC certified suppliers. Some material is received without a claim; however it is always from the same suppliers who hold certification and are listed in the dissolving pulp classification tool.</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 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: This is the first assessment. The company has expressed their commitments to update their assessment each year.</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:  <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 committed to not violating human rights, to include legality, risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism. The company is FSC-certified and therefore has signed the FSC policy for association self-declaration to this effect. However, no specific additional policy or criteria for evaluation are in place to assess their sourcing of dissolving pulp.</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:  <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: Company publishes their suppliers on their company website - <a href="https://www.rum-indonesia.com/suppliers.html">https://www.rum-indonesia.com/suppliers.html</a>.</p>
<p>Summary: The company uses FSC and PEFC certifications and chain of custody systems to evaluate risk of their three pulp suppliers. No additional risk assessments are performed.</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:  <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: There was no evidence provided from the company regarding plantation development dates. FSC Mix, FSC CW and PEFC certified</p>

	<p>claims are no guarantee there was no conversion after 1994.</p> <p>The Organisation also has PEFC and controlled material inputs. No information is available with regards to plantations and these inputs; however PT RUM is moving towards using only FSC input and is using the remaining PEFC stock to completion.</p>
<p>The Summary: Company is using FSC Mix, FSC Controlled wood, PEFC certified inputs as well as uncertified inputs, which is not sufficient evidence to confirm the dates of conversion from natural forest to plantation (where relevant).</p>	

<p>4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated</p>	
Indicators	Findings
<p>4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient &amp; endangered forests," "intact forest," "natural forest," "endangered species," "controversial sources," "high conservation value," "high carbon area," "peatlands," etc. that are consistent with this document and the forest sourcing policy template.**</p>	<p>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 adopted the definition of Ancient and Endangered Forest and it is mentioned in the sourcing policy of the company.</p>
<p>4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group.**</p>	<p>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 company's suppliers are FSC or PEFC certified, but not all materials sourced are verified as low risk due to these certifications and not all material is purchased with a claim. The Company has collected source and certification information from the supplier, which has been reviewed by the auditor. The company declares low risk for all three suppliers, however the Dissolving Pulp Classification Tool, identifies one supplier (Rayonier Temiscaming) as potential risk due to the sourcing region being located in the Boreal Forest. To date the company has not shared with Canopy with permission to share 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</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

<p>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> <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:          Company sources from 3 certified suppliers, however one supplier has been identified by Canopy as potential risk. Company purchases FSC certified, FSC Controlled Wood and non-certified material from certified supplier and when there was difficulty to find FSC certified due to price issued company source from PEFC certified. However, important to note that certified does not equal low risk according to Canopy guidelines.</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:</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 awareness of relevant local, national, and international laws. For example, the company follows the regulation to conduct air and water verification in the company area every 6 months to ensure that there is no air and water pollution which is a government regulation. The auditor did not observe any evidence to the contrary.</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 company is committed to avoid the use of wood and pulp containing wood sourced from regions identified as ancient and endangered forest. However, one out of three suppliers has been identified as potential risk via the Dissolving Pulp Classification tool. It should also be noted that company sources FSC Mix, FSC Controlled Wood and PEFC, which are not guarantees of low risk sourcing.</p>
<p>Summary: However, one out of three suppliers has been identified as potential risk via the Dissolving Pulp Classification tool. It should also be noted that company sources FSC Mix, CW and PEFC, which are not guarantees of low risk sourcing.</p>	

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

Indicators	Findings
<p>5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**</p>	<p>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:  Company has known the geographic origin of pulp products from the FSC public information since all suppliers are FSC certified, however company has difficulty to identify on the delivery document and sometimes information is not completed and company needs to request those documents. Besides FSC certified material, company also sources material with PEFC certification just in case if there is a price and quantity shortage in market. During verification company has PEFC material in place and bought due to pricing issue with FSC and company has declared handling PEFC material similar with FSC certified material. The company also sources controlled material (non-certified) but only from certified suppliers.</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:  The company has established procedure and the company using FSC system to control and verify the purchase of material from its suppliers. There has been no nonconformance to date.</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:  At the time of the audit there was no nonconformance detected</p>
<p>Summary: The company identified material from supplier, at the time of verification FSC system</p>	

is implemented to collect information of the supplier to ensure there was no non-conformance detected and if there any non-conformance company has established procedure and during evaluation no non-conformance detected

6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	
Indicators	Findings
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>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: No request has been made.</p>
6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company sources from one supplier that is in proximity to ancient and endangered forests and identified as potential risk. Sourcing from ancient and endangered forests has not been confirmed as of this audit.</p>
6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company sources from one supplier that is in proximity to ancient and endangered forests and identified as potential risk. Sourcing from ancient and endangered forests has not been confirmed as of this audit.</p>
6.4 The MMCF producer requires of its supplier to have developed a management plan that identifies measures to protect areas identified in large scale scientifically based conservation	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p>

<p>planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOs. **</p>	<p><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 company sources from one supplier that is in proximity to ancient and endangered forests and identified as potential risk. Sourcing from ancient and endangered forests has not been confirmed as of this audit.</p>
<p>6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent. **</p>	<p>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:  The company sources from one supplier that is in proximity to ancient and endangered forests and identified as potential risk. Sourcing from ancient and endangered forests has not been confirmed as of this audit.</p>
<p>Summary: The company sources from one supplier that is in proximity to ancient and endangered forests and identified as potential risk. Sourcing from ancient and endangered forests has not been confirmed as of this audit. No request has been made to include the leaders group or other stakeholders by notifying them of the audit.</p>	

<p>7. The MMCF producer shall recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies.</p>	
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:  <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 company has informed and sending commitment to their supplier, supplier hold FSC certificate however there was no information that the company required that the supplier need to adopt similar policy, system and procedure.</p> <p>However, all FSC certified companies (all three suppliers) are required to have a Policy for Association that requires a commitment</p>



	<p>to:</p> <p>Illegal logging or the trade in illegal wood or forest products</p> <p>b) Violation of traditional and human rights in forestry operations</p> <p>c) Destruction of high conservation values in forestry operations</p> <p>d) Significant conversion of forests to plantations or non-forest use</p> <p>e) Introduction of genetically modified organisms in forestry operations</p> <p>f) Violation of any of the ILO Core Conventions</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</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: Company uses their suppliers' certifications as evidence to meet this requirement, however certification alone is not sufficient to demonstrate conformance with this commitment.</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 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 company has developed a system for handling complaints. Since the suppliers hold FSC certification, and FSC certificate holders are required to have complaints mechanism in their system, their supplier also meet this indicator.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>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 company has developed internal capacity and organizational structure to recognize and respect the rights of its</p>

	<p>workers.</p> <p>Suppliers is FSC certified and demonstrates compliance with this indicator.</p> <p>Those suppliers that conform to FSC are required to make sure that they comply with the basic elements of the ILO and required to sign the policy for association which to not being directly or indirectly involved in violation of any of the ILO Core Conventions.</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:</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>The suppliers are FSC certified and therefore demonstrate compliance with this indicator.</p> <p>Those suppliers that conform to FSC are required to make sure that they comply with the basic elements of the ILO and required to sign the policy for association which to not being directly or indirectly involved in violation of any of the ILO Core Conventions</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:</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>The company and supplier hold FSC certification and both relies on the FSC certification status for recognition and respect for human rights among the supply chain</p>
<p>Summary: The company has informed their supplier of their policy and systems aimed at upholding FPIC and informed consent of indigenous people and local communities. The auditor noted however that the company does not require their supplier to adopt similar policies or systems, nor do they document commitments to recognize and respect human rights, community rights and First Nations and rights of workers. However, the suppliers hold CoC certifications, which address some aspects listed above. Additionally, CoC certification ensures that these suppliers to have put in place a grievance mechanism and that the suppliers uphold the ILO Declaration on Fundamental Principles and Rights at Work. No evidence of violations of these commitments have been found during verification.</p>	

8. Development of Innovative and Alternative Fiber	
Indicators	Findings
8.1 The MMCF producer has developed and	Conformance with Indicator:

<p>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> <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 company has developed alternative material with a potential supplier in collaboration with a local university. This was a trial project, however the process is not successful due to the quality not meeting the requirements of the company. The company using pre- and post-consumer recycled textile.</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 type="checkbox"/> Commitment in Progress  <input checked="" type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available         </p> <p>Description of the finding: As described in 8.1, the trialing was not successful. However, they intend to continue research and once the pilot scale has successfully met the requirement, continue onto the commercial scale.</p>
<p>Summary: The company has done some research and development with alternative fibre and intends to continue this with a hope to move to commercial scale once quality issues have been resolved by the company using recycled textile.</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 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: Company has participated in replanting protective tree, which is requested by the local government for each company to provide plant seed assistance. However, this activity does not meet the intent of this requirement and no participation in Canopy events to date.</p>
<p>9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p>

<p>development solutions including Free, Prior and Informed Consent of affected indigenous and local communities.**</p>	<p> <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available         </p> <p>Description of the finding: The company has not been prompted to use its influence to date.</p>
<p>9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input checked="" type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available         </p> <p>Description of the finding: The company supports all types of conservation that are needed either from the local area or outside the company's area. The company participates in the process of planting trees around the watershed that will be affected if not addressed immediately. However, this does not meet the threshold required by the CanopyStyle requirement.</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:</p> <p> <input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input checked="" type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available         </p> <p>Description of the finding: Company supports this but there is no specific program that will be implemented by the company because it depends on the existing needs needed by the community or seen from the scope of the company related to the needs that require the company to carry out government program</p>
<p>Summary: The company has been participating in replanting protective trees requested by the local government. The company fully supports any related conservation solutions that have a positive impact on the community. To date, however, the company has not participated in events, publicly supported science-based international and national programs for conservation, or developed or implemented specific programs to increase endangered species populations or habitat. The company has not yet been prompted to use its influence to positively impact conservation and development solutions including Free, Prior and Informed Consent of affected indigenous and local communities. The commitments are considered not met.</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:</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 company holds FSC Certification and is using input from FSC certified supplier and has commitment to only using FSC and PEFC certified material for product under CanopyStyle verification when possible. However, this requirement is to increase FSC uptake, which has only been declared by the company and no implementation has been in place to date.</p>
<p>Summary: The company hold FSC Certification and using input from FSC certified supplier and has commitment only using FSC certified material for product under CanopyStyle verification - however commitment has not yet fully been implemented.</p>	

11. Reduction of Greenhouse Gas (GHG) Footprint by Recognizing the importance of forests and peatlands as carbon storehouses	
Indicators	Findings
<p>11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input checked="" type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has mentioned information of supplier performance to reducing GHG, however there is no detailed information on specific criteria to measure and observe for the supplier performance in reducing GHG.</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:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input checked="" type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company suppliers are FSC certified, and company has mentioned requirement to identify if a supplier sourcing from tropical and/or intact forest in general information. However, the producer has not identified what steps need to be taken in</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>evaluating and not all materials being sourced are FSC certified</p> <p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input checked="" type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Company suppliers are FSC certified, and the company has a preference for FSC-certified inputs. However, during the audit there was no record of information in company certificate related to this requirement.</p>
<p>Summary: The company has not established procedures, or the procedures require more detail, to evaluate their supplier's GHG performance, to know whether sourcing takes place in tropical peatlands and/or IFLs, or to give preference to suppliers that are not operating in IFLs or drained peatlands.</p>	

12. Pollution Prevention	
Indicators	Findings
<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 <a href="https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released">https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</a></p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The CanopyStyle audit will not report on this indicator.</p> <p>Other tools such as the Hot Button report will address chemical management starting in 2020.</p>
<p>Summary:</p>	

\*\* Indicates Critical Indicators

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

### 1. Evaluation of Site:PT. Rayon Utama Makmur

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Rio Rajendra Rodhin
Auditor(s):	Arief Budiman
People Interviewed, Titles:	Mr. Rio Rajendra Rodhin, Management Representative Mr. TunggulWulung, Deputy Management Representative Mrs. Wasanthi, Import Purchasing Mr. Rachmat, Director Mr. Haryo, Warehouse
Brief Overview of Audit Process for this Location:	Please refer to Section 2.3 above for Description of Overall Audit Process.
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> <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 sourcing policy has available in the company website : <a href="https://www.rum-indonesia.com/certification">https://www.rum-indonesia.com/certification</a> and also placing in company facility such as canteen and employee entrance, director, manager, supervisor and staff are aware the policy. Training has been conducted to staff to have some awarenesswhen implement the policy and will be conducted regularly. The company at this time implement FSC Chain of Custody system.  Sourcing policy has made in two languages (English and Bahasa) to ensure all staff has good understanding and aware then implement</p>

<p>1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant. **</p>	<p>the policy</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>The company has developed procedure of production and staff has aware related with the procedure and manager controlling and support implementation to ensure its policy work well in the company.</p>
<p>Summary: Company has established sourcing policy and this information is also posted in several areas of the company with the aim that all employees know the company's commitment in terms of sourcing, and currently the company is implementing responsible sourcing based on the FSC system</p>	

2. Sourcing from transparent supply chains that are in conformance with the policy.	
Indicators	Findings
<p>2.6 The production site/mill maintains all <u>purchase and sales</u>, documentation related to the wood fiber <u>inputs</u>. Such documentation includes an identification of the forest of origin.</p>	<p>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 company collects and maintains purchase documents such as invoices, packing lists, but documents showing origin or identification from the forest of origin are not available. Currently, the company is making purchases through trader agents who are part of another entity within RUM and the materials come directly to RUM mills. The company identifies according to the FSC system and collect origin from the public information. The company ensures to maintain documented evidence of origin (ex: from FSC public summaries). During audit it took sample of purchase document and there was no information of forest origin and related with sales document will need to be evaluated in next audit.</p>
<p>2.7 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber inputs. <u>Such</u> documentation includes an identification of the forest of origin.</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: Company maintains purchase document and delivery documents according to the FSC requirements. Invoices and packing lists were available, however, related documents with forest of origin were not available at the time of the audit.</p>
<p>2.8 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>	<p>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: Company holds FSC certification and implements verification of information of supplier name, material, quantity, including information of certificate code and claim from third party verification. During audit it was presented sample invoice with information of FSC certificated code and claim and staff was aware related with those requirements. However, packing list and invoice not directly under the name of PT. Rayon Utama Makmur as the buyer, however it's under agent name and material coming directly to PT. Rayon Utama Makmur</p>
<p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</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: Company maintains a record of incoming material from its supplier by supplier and also records all sales, during audit sample of these records were presented and explained by management representative. During audit there was no FSC sales due to no request from clients.</p>
<p>2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input checked="" type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Supplier delivery document does not have any information related with forest origin,</p>

	only certificate information such as certificate FSC/PEFC code and FSC/PEFC claim (if certified), and has presented during audit. Company has agent for purchase material which is a trader and under the same group.
Summary: Company carries out the purchase process through a trader agent who is still in the same group as the company, Golden Mountain Textile and Trading PTE LTD. Invoice documents and packing lists are in the name of the agent, but for the goods directly received by RUM. Company have access to get information to the supplier to get information of origin and at the time of verification company implement FSC system as the company hold FSC certified.	

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. **	<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: Company followed national regulation such as controlling air pollution every 6 month with relevant government agencies and also there was no issue with international laws and participating and support local government in term of employment and environment. The auditor did not observe any evidence to the contrary.</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>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: All staff in production aware about sourcing from responsible source and aware with definition of Ancient and Endangered forest and controversial source, manager has well known related with those definition and training has conducted to ensure all staff aware with the requirement and definition. The company sources FSC certified, FSC Controlled Wood, PEFC and controlled inputs from certified suppliers. FSC Controlled Wood, PEFC and controlled material inputs do not necessarily comply with the commitment not to procure wood from Ancient and Endangered Forests and controversial sources. Since the</p>

	suppliers do not provide evidence of origin, it is not possible to confirm that no sourcing from these areas take place.
4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests 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: Company purchase material through a trader agent which is under the same group with the company as explained by management representative. Suppliers provide certified material, but do not provide any evidence of origin. The company assess information through public information that present in FSC and checking the document of supplier prior received material.</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>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: The company purchases FSC and PEFC material as inputs of the product. FSC-certified inputs can be considered low risk, however the Company also sources FSC Controlled Wood, PEFC and controlled material inputs. Two of the company's suppliers, Sodra Cell and Sappi are considered low risk according to the Dissolving Pulp Classification Tool. For the third supplier, Rayonier, more information is required as they are located in the Boreal Forest may potentially harvest from IFLs.</p>
Summary: Company source material for making product by using FSC and PEFC certified material from FSC certified supplier and its can be seen in the delivery document of supplier has include information of certificate code and claim. The Dissolving Pulp Tool indicates that most suppliers are low risk, however more information is required to determine the risk associated with supplier Rayonier.	

5. Actions if suppliers contravene criteria	
Indicators	Findings
5.4 Production sites/mills have a documented program for monitoring performance of	Conformance with Indicator:

suppliers which includes procedures for identifying non-conformances to the CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.

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

Description of the finding:  
 Company has procedure to monitoring performance of supplier, however since company purchase material from FSC certified and through an agent, company only get information from the delivery document.

The company does not however have a program in place for monitoring supplier performance outside of verification of certified material.

Summary: Company handle monitoring from delivery document that received during material incoming

## Appendix C: RECOMMENDATIONS FOR IMPROVEMENT

### Recommendations for PT RUM for continuous improvement

May 9, 2022

Canopy applauds PT RUM for completing its first CanopyStyle audit. The audit was unable to determine low risk of sourcing from Ancient and Endangered Forests and other controversial sources, however it indicates that the company is working to implement its procurement policy and is prioritizing the acquisition of FSC certified inputs.

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

1. Implement procedures beyond forest certification to ensure avoidance of A&E forest fibre sourcing
2. Ensure full FSC CoC certification throughout the supply chain, including the trading agent.
3. Develop and implement a procedure with suppliers to identify the initial date of plantation(s) and avoid fibre from post-1994 plantations.
4. The company is encouraged to develop and implement an internal action plan to collaborate with Next Generation innovators and explore the development of alternative fibre sourcing and production.

5. The company should establish clear procedures, systems and criteria to evaluate their suppliers' GHG performance, learn whether sourcing takes place in IFLs and give preference to suppliers not operating in Intact Forest Landscapes.
6. With support from Canopy, begin to support advocacy actions for the conservation of key priority forest regions;
7. Adopt best in class processing technologies. Work with experts in the field to implement pollution control technologies to limit their impact. Implement the new ZDHC MMCF guidelines<sup>1</sup> for chemical management, which give suppliers unified criteria for measuring output indicators like wastewater, sludge, air emissions and other process- related parameters.

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

As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will support PT Rayon Utama Makmur 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 PT RUM to address any outstanding issues.