CanopyStyle Audit Guidelines and Verification Framework

For Use By Viscose Fibre Producers
Developed by the CanopyStyle Leaders for Forest Conservation
Part of the CanopyStyle Initiative
Updated and Effective February 2019

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1 Over 170 brands, retailers and designers have procurement policies in place that are consistent with the CanopyStyle Initiative. In addition, viscose fibre producers representing 75% of global viscose fibre production also have wood sourcing policies in place consistent with the parameters of this audit.
**Introduction**
This ancient and endangered forest risk assessment verification process is intended to be a tool for learning together, improving practices together and risk managing across the supply chain from the point of wood harvesting through to the brand and retail customers. Its focus is for man-made cellulosic fibre (MMCF) producers to document and manage potential social, environmental and reputational risks within their supply chain related to sourcing. It will identify areas of conformance and non-conformance based on a set of shared key performance indicators, and will elaborate on ways for textile manufacturers and their raw material suppliers to improve practices and reduce impacts on the world’s ancient and endangered forests and other controversial sources. This verification process can help provide customer confidence and ensure consistent expectation and interpretation of performance in the marketplace.

**Objective**
The goal of this document is to establish criteria for a credible third party verification audit process, supported by the CanopyStyle Leaders for Forest Conservation (Leaders Group) and brands, retailers and designers looking to implement their sourcing policies for man-made cellulosic textiles. The process is intended to describe how auditors will verify how MMCF producers are meeting the criteria set in the template Forest Sourcing Policy, and whether and when they can be recognized as being at low risk of sourcing from ancient and endangered forests or controversial sources.

**Pre-requisite**
The MMCF producer has adopted and made public a forest sourcing policy, which is consistent with policies adopted by clothing retailers, brands and designers supporting the CanopyStyle initiative. This includes a commitment not to source from the world’s ancient and endangered forests, endangered species habitat or other controversial sources.

The verification process will be done using performance indicators developed from the Forest Sourcing Policy template included in ANNEX 1, with additional key elements being pulled from the MMCF Solution Pathway included in ANNEX 2. These include, amongst other elements, a commitment not to source from ancient and endangered forest, Intact Forest Landscapes, peatlands, High Carbon Stock and other High Conservation Value areas, from illegal sources or from companies violating human rights for dissolving pulp to make cellulosic fibers. The MMCF producer will do this by:

- Assessing the existing supply chain of wood pulp and fiber and ensuring that it is not sourcing fibers made from ancient and endangered forests areas including, but not limited to, the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests; tropical forests and peatlands of Indonesia, South East Asia, the Central and South America (Amazon) and Africa, and/or endangered species habitat.
• Identifying the origin of the pulp and plantations/wood fibre through mapping its entire raw material supply chain (chain of custody) back to the mills, plantations, and forest areas, and ensuring the transparency and traceability of its operations and supply chains.

• Working with its fibre suppliers towards phasing out and finding suitable alternatives to any fibre sourced from these high risk regions, unless prior, meaningful and science-based conservation planning has been implemented, in addition to the fibre being 100% from FSC certified forests, and that operations have obtained the Free Prior and Informed Consent of First Nations and local communities.

• Eliminating all fibre from ancient and endangered forests and other controversial sources, including fibre, suppliers and affiliates linked to:
  • Illegal activities,
  • Violations of the rights of indigenous peoples, local communities and workers
  • The degradation or loss of ancient, intact, old growth, endangered or High Conservation Value (HCV) forests and areas,
  • The degradation or loss of High Carbon Stock (HCS) forests,
  • The degradation or loss of tropical peatlands of any depth,
  • The deforestation and/or conversion of natural forests or peatlands to plantations
  • Plantations established after 1994 through the conversion or simplification of natural forests, and,
  • The use of genetically modified organisms (GMO).

Verification Process Criteria

General:

• CanopyStyle verification requires MMCF producer companies (herein referred to as company or companies) to undertake independent 3rd party evaluation against the CanopyStyle Auditing Guidelines and Verification Framework (herein called Guidelines).

• Canopy approves the auditing body that carries out the verification.

• The 3rd party independent auditing body shall initially undertake a main evaluation, which is a broad and comprehensive verification audit that includes desktop and site visits and a final public reporting, and then in subsequent years continue to verify the company’s policy implementation through surveillance audits that will take place at least once annually, but not allowing more than 15 months to pass between audits. Audits could take place more than once annually for high risk supply or short notice audits.

• All operations and supply of the MMCF producers shall be subject to the independent verification process. The evaluation of only partial operations, mills, suppliers or product
lines is not acceptable (The goal is to avoid the development of qualifying “niche” products that do not represent the entirety of the company and potentially shift sourcing of ancient and endangered forest into to other products or mills).

- The verification process focus is on the forest to fibre part of the supply chain, which means all processes and changes of ownership of the material from the forest harvest operations to the manufacture of viscose and other trade marked MMCF products. The company audited shall provide all necessary documents for review in a timely manner, and facilitate timely engagement with, and review of, their suppliers when necessary. Suppliers (dissolving pulp producers, forest management companies, concession holders, etc.) shall be informed of the audit and to be prepared to provide documented information and be visited by the auditors if required.

- The 3rd party independent auditing body shall evaluate the risk of sourcing from ancient and endangered forests by assessing sourcing regions using ForestMapper, by identifying if and when sourcing does intersect with at least one of the many ecological components or ecological values part of the definition of ancient and endangered forests. Forest Mapper is supported by more than 100 companies and prominent scientists and can be found at https://canopyplanet.org/tools/forestmapper/

- The verification process shall be transparent. This means that the scope, process, audit plan, audit locations and full final report shall be publicly available. The final audit report will be posted on both the MMCF producer website and the auditing body website.

- The company shall obtain permission from suppliers to include their name and location in the public report. If permission is not granted, country and region of the supplying forest shall be identified and included in the report.

- The company undergoing CanopyStyle verification shall allow audit teams full access to visit or inspect any parts, location or aspects of an operation relevant to the Guidelines, action plan, short notice, or complaint evaluation. To allow this work, the company shall provide necessary safety training, guidance and equipment to the auditors.

- Conformance measures shall be used by the auditing body as a scale by which auditors articulate the degree of conformance with the Guidelines:
  - Not Applicable – the indicator does not apply to the specific operation or site
  - Commitment met – The company is in 100% conformance with the indicator
  - Commitment in progress – The company is in partial conformance with the indicator.
  - Commitment not met – The company does not conform with the indicator
  - Insufficient information available – There is not enough information to determine conformance.

Audit procedures:

- Pre-audit preparation
  - The company shall fill out the information form and provide it to the auditing body.
• The company shall fill out the list of suppliers template and provide it to Canopy and the auditing body.
• The company shall prepare a risk assessment of their supply using the Canopy ForestMapper and other available information.
• The company and auditing body sign a service agreement.
• The company shall appoint a contact person for the audit.
• The company and auditing body shall document the scope of the audit.
• The auditing body shall provide an audit plan to the company.

• **Onsite audit**
  - The on-site (field) audit process shall at a minimum consist of:
    - Opening meeting
    - Document review
    - Worker interviews
    - Site/field inspection
    - Closing meeting

Interviews with workers shall be conducted in a language they can comprehend. Selection should represent a sample of workers in terms of gender, age, work assignment, employment status, nationality, religious affiliation, trade union membership, and other qualities, as applicable.

• Worker community interviews shall be confidential and conducted free of the company’s management presence or interference. The audit team ensures that they protect the identity of the respondents and that the respondents will not be penalized in any way for participating in the interview. Female workers and community members should be interviewed by female auditors or female content experts (especially if religious or harassment issues call for it).
• The methodology for selecting workers and community members shall be described in the audit report.

• **Desk Audit**
  - All pre-audit and on-site audit criteria apply except where the physical presence of the auditor(s) precludes in-person inspection of the facilities and face-to-face meetings with workers and stakeholders.

See ANNEX 3 for the audit flow chart.

**Meeting company commitments to the CanopyStyle Criteria:**

- The company shall conform to all applicable Critical Criteria prior to being considered Verified to low risk.
- Commitments not met against an applicable critical criteria found during an annual
audit for companies sourcing from high risk areas shall be addressed and closed within one year of the approval of the final audit report. Canopy may grant a time extension at its discretion.

- Commitment not met with known sourcing from Ancient and Endangered Forests or the elements described in “Controversial Sources" found during the main evaluation, surveillance audit or complaint audit shall be addressed by the company by developing a tailored and satisfactory action plan, with key deliverables and timelines, to eliminate and/or mitigate the risk.

**Audit Report, Action Plan and Public Availability:**

- The CanopyStyle audit report template shall be used. The report shall be in English.
- The draft verification report shall be submitted to Canopy within twenty (20) business days from the end of the field verification work
- Canopy shall complete a review the draft report within fifteen (15) business days from receipt of the report from the auditing body. When the draft report is returned to the auditing body, the auditing body has ten (10) business days to respond to Canopy’s comments, and then sends the draft report to the company.
- The company has fifteen (15) business days to review the report and make comments and return it to the auditing body.
- The auditors and Canopy has ten (10) business days to respond to the company and finalize the report.
- Recommendations to the company for follow-up actions and directions for the next audit shall be completed between the company and Canopy within 30 business days.
- Following the closure of the audit and public release of the audit report the company is expected to adopt an action plan that shall address commitments that are in progress or not met and continual improvement in a detailed, time-bound plan.
- The audit report shall be finalised within four (4) calendar months from the field work.
- The final verification audit report marks the auditing body’s completion of the audit.
- The final verification audit report shall be made publicly available within a maximum of 60 additional days of when the final report has been delivered to the company. The company and auditing body shall display all audit reports on their website. The only information that can be excluded from the public report is:
  - Financial data
  - Identities of workers who were interviewed for the audit
- In total, from start to finish, the time period to complete the audit and release the audit report publicly is up to 6 months maximum. If the timeline of 6 months were exceeded, the company’s commitment to the CanopyStyle Initiative and to the full verification audit process may be compromised.
It is the expectation of the Leaders Group that all operations of the MMCF producers will be subject to the independent verification process. The evaluation of only partial operations, mills, suppliers or product lines would not be considered acceptable. The goal is to avoid the development of qualifying “niche” products that do not represent the entirety of the company and potentially shift sourcing of ancient and endangered forest into other products or mills, therefore partial verification will not be satisfactory nor supported.

**Definition of ancient and endangered forests**

The following definition of ancient and endangered forest shall be the one used for the third party verification: Ancient and Endangered Forest are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the maintenance of biological diversity and ecological integrity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. As a starting point to geographically locate ancient and endangered forests, maps of High Conservation Value Forests and areas (HCV), as defined by the Forest Stewardship Council (FSC) and the High Conservation Value Resource Network, and of intact forest landscapes (IFL), can be used and paired with maps of other key ecological and carbon values like the habitat range of key endangered species and forests containing high concentrations of terrestrial carbon, peatlands and High Carbon Stocks (HCS). (The Wye River Coalition’s Endangered Forests: High Conservation Value Forests Protection – Guidance for Corporate Commitments. This has been reviewed by conservation groups, corporations, and scientists such as Dr. Jim Stritholtt, President and Executive Director of the Conservation Biology Institute, and has been adopted by corporations for their forest sourcing policies).

ForestMapper, an interactive map of ancient and endangered forests that incorporate the best-available geospatial data from biodiversity conservation science to assist companies transitioning to more sustainable supply chains, provides a spatially explicit rendering of the above definition to be used for auditing purposes. [http://canopyplanet.org/tools/forestmapper/](http://canopyplanet.org/tools/forestmapper/)


**Definition of controversial sources**

Controversial sources, including fibre, suppliers and affiliates linked to:

- Illegal activities,
- Violations of the rights of indigenous peoples, local communities and workers

INTERPRETATION NOTE:

Other tools beyond the map will be required to identify controversial sources and areas with land conflict or owned or claimed by indigenous peoples or local communities that have the right to Free, Prior and Informed Consent to the use of their lands.
The degradation or loss of ancient, intact, old growth, endangered or High Conservation Value (HCV) forests and areas,
- The degradation or loss of High Carbon Stock (HCS) forests,
- The degradation or loss of tropical peatlands of any depth,
- The deforestation and/or conversion of natural forests or peatlands to plantations
- Plantations established after 1994 through the conversion or simplification of natural forests, and,
- The use of genetically modified organisms (GMO).

**Required qualities of the auditor**

- Is independent, credible, and formally accredited by the Accreditation Service International (ASI - http://www.accreditation-services.com)
- Is recognized by the conservation and NGO community
- Has competent auditors that have experience in MMCF producing countries, and is capable of verifying a global supply chain
- Has proven experience in verification against forest policy commitments
- Will form a team of auditors that are independent, highly qualified, have several years of experience in third party auditing and are selected without influence from the audited company
- Will provide comprehensive updates on the evaluation process to the Leaders Group as the verification audit progresses. This could be done in the form of written updates, sharing evaluation material, through organizing webinars, etc.

**The Role of the CanopyStyle Leaders for Forest Conservation**

The CanopyStyle Leaders for Forest Conservation Group will be a key stakeholder in these verification audits. They will be consulted and informed at all stages in the process, including during the design, development, evaluation and reporting phases, and their input will be carefully considered. The auditor, Canopy and audited MMCF producer will provide them with initial observations as well as final reporting of findings and recommendations prior to the final report being made public, with an understanding that those materials are confidential and embargoed.

**Financial Structure**

Currently, the MMCF producer is responsible for the full cost of the audit.
## Key Performance Indicators

The following KPIs have been identified and approved by CanopyStyle Leaders for Forest Conservation Group for the consideration of the auditors and producers. They are not an exhaustive list and could be expanded. They have been developed to help expedite the process and provide insight into the interest of the marketplace.

<table>
<thead>
<tr>
<th>Key Commitments</th>
<th>Preliminary Performance Indicators</th>
<th>Verifiers &amp; Examples of Evidence</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy</td>
<td>1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy **</td>
<td>• Policy is public and readily available on Web Site. • CEO’s and key staff of each mill (dissolving pulp AND viscose mills) are aware and implementing the policy</td>
<td>Corporate</td>
</tr>
<tr>
<td></td>
<td>1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy with input from and agreement of civil society stakeholders. **</td>
<td>• Evidence of policy implementation is required. Action plans, standard operating procedures, management plans that reference being in line with policy, etc…</td>
<td>Corporate</td>
</tr>
<tr>
<td></td>
<td>1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **</td>
<td>• Policy is posted and employees are aware and fully informed. • Fiber procurement manager responsible • Evidence includes a signed acknowledgement from key staff that they have read and understand the policy</td>
<td>Corporate</td>
</tr>
<tr>
<td></td>
<td>1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.</td>
<td>• Policy is in place and acted on. • Auditor will be provided with organisational charts that describe who is responsible for what</td>
<td>Corporate</td>
</tr>
<tr>
<td></td>
<td>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **</td>
<td>Evidence includes a range of actions, such as: • A memo that contains the policy and a description of what it means has been sent to the suppliers.</td>
<td>Corporate</td>
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<tr>
<td>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **</td>
<td>• Policy elements are required as conditions to be met in contracts to suppliers.</td>
<td>Corporate</td>
<td></td>
</tr>
</tbody>
</table>
| 1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. ** | • 3rd party certification to external standards  
• 3rd party validation of internal audits  
• COC documentation  
• Internal monitoring systems  
• Other tracking systems are in place | Corporate |
| 1.8 The MMCF producer has put in place a transparent/public grievance procedure with the input and agreement of civil society stakeholders | • Public and stakeholders has a means to input concerns on forest management and sourcing practices to the company. | Corporate |
| 1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. ** | • Evidence of public concerns are tracked and action items or responses are recorded. | Corporate |
| 1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. ** | • Policy is posted and employees are aware.  
• Training occurred for employees, for instance with purchasing department employees, and a signed training sheet and training agenda are shown as evidence. | Mills/production sites |
| 1.11 Each production site managers have developed | • Policy is in place and acted on. | Mills/production sites |
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 and shared with Leaders Group. This assessment will be updated every year and shared with the Leaders Group. **

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excel document provided by Canopy filled and shared with Canopy, the Leaders Group and the auditor with confidentiality</td>
<td>Corporate and mills/production sites</td>
</tr>
<tr>
<td>Additional evidence such as invoices are provided to the auditor, when required</td>
<td></td>
</tr>
</tbody>
</table>

2.2 The assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Excel document provided by Canopy is filled and includes COC tracking numbers, tree species, country or origin and forest region/tenures</td>
<td>Corporate and mills/production sites</td>
</tr>
<tr>
<td>COC Document</td>
<td></td>
</tr>
</tbody>
</table>

2.3 A risk assessment has been done with the information and shared with Leaders Group.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing from ancient and endangered forests, or risk of suppliers sourcing from these areas is identified, when relevant</td>
<td>Corporate</td>
</tr>
<tr>
<td>COC Document</td>
<td></td>
</tr>
</tbody>
</table>

2.4 This supply chain assessment has been presented to the Leaders Group and stakeholders, allowing for questions to be answered and information gaps to be highlighted.

<table>
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<tbody>
<tr>
<td>Excel document provided by Canopy filled and shared with Canopy, the Leaders Group and the auditor in confidence</td>
<td>Corporate</td>
</tr>
<tr>
<td>Yearly Review of COC Document and all other elements relevant to the Policy</td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Requirement</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Producer provides COC tracking numbers.</td>
<td>Corporate</td>
</tr>
<tr>
<td>Company audit results are known and shared in the supply chain</td>
<td></td>
</tr>
<tr>
<td>Company is working with customers to advance a track and trace system</td>
<td></td>
</tr>
<tr>
<td>Company sells traceable certified products</td>
<td></td>
</tr>
</tbody>
</table>

** Note: Additional information and evidence are required to support the assessment and to ensure conformance with the policy.
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. ** | • Date of plantations is known, evidence includes government papers specifying conversion date • Chain of custody reports • FSC certificates, when relevant | Corporate and mills/production sites |

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. ** | • Company has adopted the definition of ancient and endangered forest. • Forest Management plans with elements of protecting forests with exceptional conservation value such as: • Protected areas • High Conservation Value Forest (HCV) • Species at Risk and Threatened and Endangered Species. | Corporate |

| 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 Leaders Group. ** | • Any sourcing from Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical forests and peat lands of Indonesia, the Amazon and West Africa has been clearly identified and shared with Canopy, the Leaders Group and the auditor. (Exact forest site will need to be known) • For FSC certified forests within ancient and endangered forests, the HCVF reports and COC risk analysis are provided and will be closely analysed, as alone, FSC in ancient and endangered forests is not considered sufficient, additional efforts on | Corporate |

Comment [7]: INTERPRETATION NOTE:
The map of ancient and endangered forest, FOREST MAPPER, is now public and used for the auditing.
### Conservation could be required.
- The company proactively and voluntarily discloses all areas where it is in public conflict with local communities, and shares this information with Canopy, the Leaders Group and the auditor.

### 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. **

If applicable, documentation such as:
- Invoices
- Import documents
- Evidence of origin of raw materials and date

### Corporate and mills/production sites

### 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. **

- Access to relevant laws and regulations which are appropriate to the locations
- Demonstrates commitment to legal compliance.

### Corporate and mills/production sites

### 4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **

- Verify sourcing policy is in place and part of Environmental Management System or Operating Standard Procedures.
- The above KPI/indicators have all been met (4.1, 4.2, 4.3, 4.4)
- Also see section 6 * Any sourcing from controversial sources or ancient and endangered forests (as defined by Canopy maps and controversial area/supplier list) is terminated, except where Canopy and the producer have identified jointly

### Corporate and mills/production sites

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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. ** | Corporate and mills/production sites |
| • COC documents by facility. | |
| • Enforcement of the policy is in place, with proof, when relevant | |

(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)

| 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. ** | Corporate and mills/production sites |
| • Enforcement of the policy is in place, with proof, when relevant | |

| 5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. ** | Corporate and mills/production sites |
| • Enforcement of the policy is in place, with proof, when relevant | |

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

| 6.1 Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process. ** | Corporate and mills/production sites |
| • Strong coordination, agreed to solutions and next steps developed with Canopy regularly | |
| • Joint meetings with the auditor are organised to discuss interpretation of the audit, concerns, timelines etc | |
| • Information and progress updates of the audit is shared with Leaders Group | |

*If sourcing from

| 6.2 Large scale scientifically | Corporate and mills/production sites |
| • Current mapped areas | |

The verification audit is intended to verify that MMCF producers are not sourcing from ancient and endangered forests and other controversial sources. This section is meant to describe the very rare cases where this could be acceptable, and defines the pre-requisites and other requirements for such rare exceptions to occur.

**CONTEXT**: There are rare exceptions that allow sourcing from Ancient and Endangered Forests. An example would be the Great Bear Rainforest in 2016 where we have robust conservation planning in place and are now simply looking for FSC certification to be reconfirmed to verify sustainable logging in the areas not set aside for protection. These pre-requirements of not logging in critical areas (large scale scientifically-based conservation planning*) and then FSC in areas where logging is occurring is the key approach required by partners in the CanopyStyle Initiative.

Large scale scientifically-based conservation and FSC are the prior requirements for any sourcing from ancient and endangered forests, including, but not limited to, the Boreal Forest, Vancouver Islands Coastal Temperate Rainforests, the Amazon or Indonesia’s Rainforest. If large scale, scientifically-based conservation has not yet been legislated by decision makers, MMCF producers or their suppliers are expected to have put in place adequate logging moratoria and demonstrate clear process and timelines for finalizing legislated protected areas and attaining FSC.

*Note: Large scale science-based conservation planning in Canada’s Boreal Forests is expected to yield approximately 50-65% in protection.

Comment [9]: INTERPRETATION NOTES:

The verification audit is intended to verify that MMCF producers are not sourcing from ancient and endangered forests and other controversial sources. This section is meant to describe the very rare cases where this could be acceptable, and defines the pre-requisites and other requirements for such rare exceptions to occur.

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*Note: Large scale science-based conservation planning in Canada’s Boreal Forests is expected to yield approximately 50-65% in protection.
global ancient and endangered forests, the MMCF producer (and/or supplier) is actively undertaking large-scale scientifically based conservation planning and seeking FSC pure certification for all wood sourcing.

identified within the management plans
- Potential future areas mapped, for future consideration.
- Work with stakeholders to identify conservation opportunities
- Identify conservation thresholds based on science
- Agreements are reached identifying and mapping areas for voluntary deferrals

6.3 If sourcing from controversial areas, with records of conflict and human rights violation, an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **

Corporate and mills/production sites

6.4 The MMCF producer has 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. **

Forest Management plans with elements of protecting forests with exceptional conservation value such as:
- Protected Areas
- High Conservation Value Forest (HCV)
- Species at Risk and Threatened and Endangered Species.
The Plans have been made public and shared with local stakeholders.

Corporate and mills/production sites

6.5 The MMCF producer has developed and

- Potential future areas mapped. For future

Corporate and mills/production sites
<table>
<thead>
<tr>
<th>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</th>
<th>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. **</th>
<th>CanopyStyle Audit Guidelines and Verification Framework – 2019 Version (Effective February 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>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. **</td>
<td>• Work with decision makers in government and First Nations to see the conservation area legislated.</td>
<td>sites</td>
</tr>
<tr>
<td>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. **</td>
<td>• Same as above, required of suppliers</td>
<td>Corporate and mills/production sites</td>
</tr>
<tr>
<td>7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</td>
<td>• Complaint system is tracked in company Environmental Management System and other Standard Operating Procedures • Company is in position to communicate transparently about these complaints and report on how they have been addressed.</td>
<td>Corporate and mills/production sites</td>
</tr>
<tr>
<td>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to engage in meaningful dialogue with workers, unions etc.</td>
<td>• Evidence of resources to engage in meaningful dialogue with workers, unions etc.</td>
<td>Corporate and mills/production sites</td>
</tr>
</tbody>
</table>
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.

- Mention of this criteria in contracts with suppliers
- Corporate and mills/production sites

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.

- This is a summary of previous criteria 7.1 to 7.5.
- Corporate and mills/production sites

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.

- Efforts involving associations and research groups and Universities and/or other partners to develop improved processes in all parts of the value chain.
- Evidence of R&D program commitments and commitment to new technology development
- Evidence including volumes of viscose produced with alternative fibers, pilot and case studies and $ invested.
- Corporate and mills/production sites

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.

- Evidence of R&D programs and commitment to new technology, new fibre sources
- Corporate and mills/production sites

9. Voluntary

9.1 The MMCF producer has

- Participating with regional
- Corporate and

|---|
| **advocacy for conservation solutions** | a track record of participating in events that support collaborative and visionary system solutions that aim protect remaining ancient and endangered forests. ** | conservation forest planning which include a broad range of stakeholders.  
- Participate in webinars and roundtables  
- Sending letters to decision makers  
- Advocating publicly for conservation in conferences, media releases, meetings etc. | mills/production sites |
| 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. ** | • Same as above | Corporate |
| 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. | • Forest Management plans with elements of protecting forests with exceptional conservation value such as:  
- Protected Areas  
- High Conservation Value Forest  
- Species at Risk and Threatened and Endangered Species. | Corporate and mills/production sites |
| 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. ** | This KPI is applicable when MMCF producer is connected to forests.  
- Forest Management plans with elements of protecting forests with exceptional conservation value such as:  
- Protected Areas  
- High Conservation Value Forest  
- Species at Risk and Threatened and Endangered Species.  
- Another example of this could be threshold based | Corporate and mills/production sites |
### 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. **

- Management plans meet and exceed the regional and national laws and regulations in terms of Conservation forests, Protected Areas and other timber supply objectives.
- Producer policy gives a preference to FSC
- Producer mills are FSC COC certified
- Producers give preference for FSC fiber in contracts with suppliers and sends them strong market signals
- Producer has set internal strategic targets and measures to increase FSC fiber intake over the next 1-3 years
- Producer has the ability to sell FSC products through the credit system
- Producer has the ability to provide customers with FSC PURE products
- Producer engages FSC to pilot new track and trace system for the textile sector.

Conservation plans for caribou in the Boreal

Corporate and mills/production sites

### 11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses

11.1 The MMCF producer has developed and implemented procedures to evaluate their suppliers' performance in reducing GHG.

- Evidence of sustainability system tracking
- The sustainability performance is published publicly on an annual basis

Corporate and mills/production sites

11.2 The MMCF producer can document giving preference to suppliers that have identified and adopted management measures to protect forested peatland at the concession and landscape level (peat dome)

- Survey suppliers on specific actions or measures taken to avoid disturbance of High carbon value forests and/or peatlands, or measures undertaken to restore forest/peat ecosystems and their soils and hydrology.

Mills/production sites
and that have identified, withdrawn from and restored peatlands and their hydrology. **

- MMCF producer requests sustainability reports from suppliers and evaluates such reports specifically for recognition of the importance of forests and peatlands as carbon storehouses and actions taken to conserve these areas

12. Pollution Prevention

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

However, it will be noted when MMCF producers invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process). The indicators will be the number of mills using such cleaner processes and the % of overall volumes produced with such technology. This information will be treated and framed as additional bonus performance by the MMCF producer.

- Evidence of R&D programs and commitment to new technology development
- Number of mills and overall volumes produced through closed-loop technology and other best in class emerging technologies.

Corporate and mills/production sites

Performance Measures

It is recommended that four main Performance Measures (PM) be established to define the benchmarks against which the MMCF producers will be evaluated for each of the 12 key commitments and the subsequent key progress indicators (KPI).

These measure the following range of progress.
- “commitment met”
- “commitment in progress” (with possible qualifier “limited”, “moderate” and “significant”)
- “commitment not met”
- “insufficient information available”.

Comment [15]: INTERPRETATION NOTE:
The MMCF producer and the audit report should specify whether the MMCF company has signed on to the Changing Market roadmap, is a contributor of ZDHC, and whether an audit was done via the ZDHC new viscose guidelines.
Final Results

The goal of this verification process is to differentiate the MMCF producers that present a high environmental risk, carrying out environmentally and socially irresponsible or harmful practices with a high risk to seriously and irreversibly impact ancient and endangered forests and associated communities, through their own practices or through their supply chain’s practices, versus MMCF producers that present a low risk. The final result of the verification will then help customer brands and retailers identify, document and manage the risk of sourcing fabrics from these MMCF producers.

These producers will either be granted the status of “in conformance with”, or “in non-conformance with” their Forest Sourcing Policy and the established critical requirements under this verification framework.

The findings of the verification process and the final report could show a performance variation from one manufacturing facility to the other, under the same MMCF producer. However, the expectation is that all the operations of the MMCF producers are evaluated against the Policy, and that all the manufacturing facilities and their supply chain must be verified as low risk of sourcing from ancient and endangered forests for customers and supply chain partners to conclude that the MMCF producers are in conformance with their policies. This is to create a level playing field for the entire industry.

CONFORMANCE AND NON CONFORMANCE CLAIMS WITH CRITICAL VERSUS PROGRESSIVE KPI

The auditors produce a final audit report, based on a set of pre-identified “critical” KPIs, and this report will be made public. In addition, the auditor will provide details about the performance on KPI’s considered “critical” and “progressive.” The audit report will include recommendations from Canopy on both sets of KPIs with the expectation that the producers immediately address critical KPIs and make progress on “progressive” KPIs over time. All of this information will be detailed and publically available in the final report.

Disclaimer

These Audit Guidelines and Verification Framework have been written in the English language. In case of discrepancies between the English text version and any translation, the English version shall prevail.

Please refer to the electronic copy on the Canopy website (https://canopyplanet.org/resources/canopystyleaudit/) to ensure you are referring to the latest version.

http://canopyplanet.org/tools/disclaimer/
LIST OF ANNEXES

ANNEX 1 Template Forest Sourcing Policy for MMCF producer
ANNEX 2 The MMCF Solutions Pathway
ANNEX 3 Audit Flow Chart
ANNEX 4 Key Performance Indicators for Mills
ANNEX 5 Key Performance Indicators for Forests/Plantations
ANNEX 6 Scope of the Surveillance Audit
ANNEX 7 Guidelines for collecting Forest of Origin information

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i Current members of this group are H&M, M&S, Inditex/Zara, EILEEN FISHER, Stella McCartney and Canopy. The CanopyStyle Leaders for Forest Conservation approved the foundational version of the audit framework in 2015, as well as detailed public September 2016 version, and continues to support completion of the audit by MMCF producers.

ii Ancient and Endangered Forest Ancient and endangered forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. As a starting point to geographically locate ancient and endangered forests, maps of High Conservation Value Forests (HCVF), as defined by the Forest Stewardship Council (FSC), and of intact forest landscapes (IFL), can be used and paired with maps of other key ecological values like the habitat range of key endangered species and forests containing high concentrations of terrestrial carbon and High Carbon Stocks (HCS). (The Wye River Coalition’s Endangered Forests: High Conservation Value Forests Protection – Guidance for Corporate Commitments. This has been reviewed by conservation groups, corporations, and scientists such as Dr. Jim Stritholt, President and Executive Director of the Conservation Biology Institute, and has been adopted by corporations for their forest sourcing policies). Key endangered forests globally are the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical forests and peat lands of Indonesia, the Amazon and West Africa. For more information on the definitions of ancient and endangered forests, please go to: http://canopyplanet.org/index.php?page=science-behind-the-brand

iii Intact Forest Landscape (IFL) is an unbroken expanse of natural ecosystems within the zone of current forest extent, showing no significant signs of human activity, and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained. (http://www.intactforests.org/world.map.html)

iv Peatland is an area with an accumulation of partly decomposed organic matter with ash content equal to or less than 35%, peat depth equal to or deeper than 50 cm, and organic carbon content (by weight) of at least 12%. Tropical Peatlands (peat soils) (Histosols) are defined as organic soils with 65% or more organic matter.

v Primary, high, medium and low-density forests and regenerating forests are recognized as High Carbon Stock (HCS) forests. HCS forests in Indonesia and Malaysia are defined as natural forest areas with above ground carbon stocks above a threshold set in the range of 25-70 tons of carbon per hectare. More precise carbon thresholds for regenerating forests tailored to particular ecosystem types and landscapes must be assessed and agreed upon via a credible review process with the involvement and agreement of NGOs, companies and the parties that developed the HCS concept, definitions and associated methodology to identify and conserve High Carbon Stock.
vi As defined by the FSC and High Conservation Value Resource Network (http://www.hcvnetwork.org), High Conservation Value (HCV) areas contain particularly important conservation values including rare, threatened and endangered species and their habitat and areas with cultural or livelihood significance for local communities.

vii Origin refers to the plantation, forest tenure or concession where the trees have been logged. For more information, see ANNEX 7 Guidelines for collecting Forest of Origin information.

viii Legal forest management is management that complies with all applicable international, national, and local laws, including environmental, forestry, and civil rights laws and treaties.

ix No deforestation means no direct human-induced conversion of natural forests, including primary forests, High Conservation Value (HCV) areas, and High Carbon Stock (HCS) forests to non-forests with an exception for small-scale low intensity conversion by communities to meet basic direct livelihood needs.

x Plantation: A forest area established by planting or sowing with using either alien or native species, often with one or few species, regular spacing and even ages, and which lacks most of the principal characteristics and key elements of natural forests. Source: International Generic Indicators FSC-STD-60-004 V1-0 EN

xi In future, a central pool of funds may be created in which the participating MMCF producers pay their fees, pre-determined by the size of their supply chain, how integrated the company is, the number of facilities they own and the risk level associated with their supply chain. The purpose would be to create a neutral economical environment and reduce possible bias.

xii Agricultural residues are residues/by-products left over from food production or other processes and using them maximizes the lifecycle of the fiber. Depending on how they are harvested, fibers may include flax, bagasse, and hemp.
ANNEXES To the CanopyStyle Audit Guidelines and Verification Framework

For Use By Viscose Fibre Producers
Developed by the CanopyStyle Leaders for Forest Conservation
Part of the CanopyStyle Initiative
Updated and Effective February 2019

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1 Over 170 brands, retailers and designers have procurement policies in place that are consistent with the CanopyStyle Initiative. In addition, viscose fibre producers representing 75% of global viscose fibre production also have wood sourcing policies in place consistent with the parameters of this audit.
The following Policy template has formed the basis and been adopted and publicly posted by viscose fibre producers representing 75 percent of all global production.

**Fibre Procurement Policy for Protecting Forests**

[Effective: INSERT DATE]

[COMPANY NAME] is committed to playing a leadership role in the dissolving pulp & cellulosic fibre industry and will work with our wood fibre suppliers and Canopy in order to promote sustainable forest management and the protection of ancient and endangered forests.

[COMPANY NAME] supports the production of cellulosic fibres & fabrics from wood fibre that is not sourced in ancient and endangered forests, such as Indonesia's tropical forest and Canada's Boreal Forest, unless meaningful conservation plans and FSC certification are in place.

The following principles apply to all man-made cellulosic fibres, fabrics and textiles, including but not limited to rayon, viscose, lyocell, modal and trademarked product lines produced by our company. This commitment addresses our own operations as well as our procurement practices. This policy supports principles that result in long-term environmental, social and economic benefits.

**Scope of Commitment**

All of our operations, including companies we control, manage and/or have an investment in – will be in compliance with this policy.

We will source our raw material only through suppliers that are transparent, traceable and comply with this policy.

If suppliers contravene these criteria, we will first engage them to change practices and then re-evaluate our relationship with them if we find that fibre is coming from sources that do not meet this policy.

**Conservation of Ancient & Endangered Forests and Intact Forest Landscapes:**

[COMPANY NAME] supports a future that does not use ancient and endangered forest for dissolving pulp to make cellulosic fibres. We will, therefore:

- Assess our existing use of wood pulp and fibre and ensure that we are not sourcing fibres made from ancient and endangered forests areas such as the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests; tropical forests and peatlands of Indonesia, the Amazon and West Africa, or endangered species habitat.
- Work with our fibre suppliers to phase out and find suitable alternatives to any fibre sourced from these regions.
- Eliminate sourcing fibre from other controversial sources including companies that are logging forests illegally and from tree plantations established after 1994 through the conversion or simplification of natural forests.
Recognizing, respecting and upholding human rights and the rights of communities
We will request that our suppliers respect the Universal Declaration of Human Rights and acknowledge indigenous and rural communities legal, customary or user rights to their territories, land, and resources. To do so, we require that our suppliers acknowledge the right of Indigenous People and rural communities to give or withhold their Free, Prior and Informed Consent (FPIC) before new logging rights are allocated or tree plantations are developed, resolve complaints and conflicts, and remediate prior human rights violations through a transparent and accountable grievance mechanism and mutually agreeable dispute resolution process.

Innovative and Alternative Fibre Development
We will collaborate with Canopy, innovative companies and suppliers to explore and encourage the development of fibre sources that reduce environmental and social impacts. Where appropriate, we will play an active role in the research and development and eventual adoption of commercial scale production of pulp and cellulosic fibre made from alternative fibre sources such as agricultural residues and recycled fibres.

Advocacy for Conservation Solutions
Working with Canopy we will support collaborative and visionary system solutions that protect remaining ancient and endangered forests such as the Coastal Temperate Rainforests of Vancouver Island and Great Bear Rainforest, Canada's Boreal Forests, and Indonesia's Rainforests.

Forest Certification
We will preference fibre sourced from forests that are responsibly managed forests, certified to the Forest Stewardship Council (FSC) certification system. FSC certified plantations are part of the solution.

Transparency, Traceability and Verification
We will ensure the transparency & traceability of our own operations and supply chains by 2019, and will identify the origin of our raw material sourcing, including pulp and plantations/wood fibre, through mapping our entire supply chain (chain of custody) back to the mills, plantations, and forest areas. We will work with stakeholders to develop third party verification systems of our operations and supply chain and be verified low risk of sourcing from ancient & endangered forest by 2020.

Reduction of Greenhouse Gas Footprint
Recognizing the importance of forests and peatlands as carbon storehouses, we will support initiatives that advance forest conservation to reduce the loss of high carbon value forests, by encouraging vendors and suppliers to avoid harvest in these areas, and by giving preference to those that use effective strategies to actively reduce their greenhouse gas footprint.

Pollution Prevention
Pulp and viscose manufacturing is a resource-intensive process that can lead to air and water emissions that impact overall environmental quality. This policy does not address these other critical environmental issues, however, we will invest in and use the cleanest dissolving pulp and viscose manufacturing technology.
Communication
We recognize the benefit of creating environmental awareness among our customers, employees and peers. As such, we will highlight our environmental efforts on our website and in public communications.

[COMPANY NAME]
[Contact details]
[Date]

i Ancient and Endangered Forest Ancient and endangered forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. As a starting point to geographically locate ancient and endangered forests, maps of High Conservation Value Forests (HCVF), as defined by the Forest Stewardship Council (FSC), and of intact forest landscapes (IFL), can be used and paired with maps of other key ecological values like the habitat range of key endangered species and forests containing high concentrations of terrestrial carbon and High Carbon Stocks (HCS). (The Wye River Coalition’s Endangered Forests: High Conservation Value Forests Protection – Guidance for Corporate Commitments. This has been reviewed by conservation groups, corporations, and scientists such as Dr. Jim Stritholt, President and Executive Director of the Conservation Biology Institute, and has been adopted by corporations for their forest sourcing policies). Key endangered forests globally are the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical forests and peat lands of Indonesia, the Amazon and West Africa. For more information on ancient and endangered forests, please go to: https://canopyplanet.org/tools/forestrimapper/

i Intact Forest Landscape (IFL) is an unbroken expanse of natural ecosystems within the zone of current forest extent, showing no signs of significant human activity, and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained. ([http://www.intactforests.org/world.map.html](http://www.intactforests.org/world.map.html))

ii Legal forest management is management that complies with all applicable international, national, and local laws, including environmental, forestry, and civil rights laws and treaties.

iii Agricultural residues are residues/by-products left over from food production or other processes and using them maximizes the lifecycle of the fibre. Depending on how they are harvested, fibres may include flax, bagasse, and hemp.

iv Coastal temperate rainforests originally covered 0.2% of the planet, and now less than 25% of these forests remain in their original state. We will consider sourcing from areas within the coastal temperate rainforests where credible conservation solutions are finalized. A legal conservation plan is now finalized for the Great Bear Rainforest a region of 6.4 million hectares within the Coastal Temperate Rainforest zone of British Columbia Canada. On February 1st, 2016 the Government of British Columbia, First Nations, environmental organizations and the forest industry announced an Ecosystem-based Management framework that sets 85% of this region off limits to logging and stringent logging rules in the other 15%. Provided these agreements are fully implemented – sourcing from this ancient and endangered forest region can be considered to be within sustainable levels. We encourage ongoing verification of this through renewal of Forest Stewardship Council certification by the logging tenure holders in the region. [Note this footnote is key, otherwise the policy would suggest you would not source from this region, despite the conservation agreements in place, which would be a disincentive for forest companies to make these type of conservation agreements in other ancient and endangered forests].

“Canada’s Boreal Forest contain the largest source of unfrozen freshwater world wide and are part of the world’s largest terrestrial carbon sink – equivalent to 26 years worth of global fossil fuel use. Canopy is committed to working collaboratively on the establishment of new protected areas, the protection of endangered species and the implementation of sustainable harvesting in Canada’s Boreal Forest.

This region is slated for the largest increase in mills for dissolving pulp that goes into cellulose-based fabrics.

“Indonesia experiences the second highest rate of deforestation among tropical countries, with the island of Sumatra standing out due to the intensive forest clearing that has resulted in the conversion of 70% of the island’s forested area (FAO Forest Assessment 2010; Margono, B.A. et al. 2012). Indonesia is home to 10% of the world’s mammals, 16% of bird species, 11% of plant species and 70 tons of carbon. Canopy and our NGO partners are focused on forwarding lasting protection of the Leuser Ecosystem – the last place on earth where orangutans, tigers, elephants, rhinoceros and sun bears still co-exist.

“Plantations area areas that have been “established by planting or sowing using either alien or native species, often with few species, regular spacing and even ages, and which lack most of the principal characteristics and key elements of natural forests”. Plantations prior to 1994 are often FSC certified. Source FSC: [https://ic.fsc.org/en/document-center/id/335](https://ic.fsc.org/en/document-center/id/335)
The Viscose Solutions Pathway has been developed by Canopy in consultation with the Forest and Textiles Leaders for Forest Conservation working group to identify solutions for the viscose supply chain and its fibre basket within the next three years. The Pathway is meant as a tool for clothing brands, viscose and dissolving pulp producers to provide clarity on the steps involved in ensuring that your supply chain is free of ancient and endangered forests. By completing these measures, your company can receive the support of not-for-profit organization Canopy, which will differentiate and recognize the companies and/or products lines that are forest friendly.

### 1. Roll up your sleeves
Have meaningful interest in addressing the source of your company’s cellulosic fabrics/forest fibre/wood-based dissolving pulp for man-made cellulosic fabrics, and collaborating with Canopy and corporate leaders to do so.

### 2. Formalize Commitments
Develop or improve your wood/fibre sourcing policy to include not sourcing from ancient and endangered forests. Canopy can support the drafting and validation of the policy. Elements of a robust endangered forest commitment are to:
- Ensure the supply chain is free of ancient and endangered forests;
- Support long-term conservation solutions in key forest areas, especially relevant to where the fibre is sourced;
- Promote and advance alternatives to forest-sourced fibre. Where tree-fibre is used, preference Forest Stewardship Council (FSC) certified fibre from plantations;
- Reduce the carbon footprint, while considering the value of biogenic carbon which is stored in forests;
- Promote industry leadership;
- Recognize traditional lands and human rights;
- Review purchasing decision of potentially controversial sources in a timely manner; and,
- Develop aggressive targets and reporting systems to track progress.

### 3. Build Supply Chain Transparency
Develop an understanding of your supply chain and its impacts on ancient and endangered forests:
- Request/Complete a chain of custody form for each mill, source of fibre and/or product line;
- Ask for information further down the supply chain as needed, to determine forest of origin of your wood products;
- Explore new methods to track the origin of man-made cellulosic product lines and fibre;
- In collaboration with Canopy and customer brands, provide a list of suppliers of dissolving pulp for each viscose mill, as well as details on sourcing regions to allow tracking back to the source; (For Viscose & Dissolving Pulp Producers only)
- Involve your dissolving pulp and wood suppliers in developing solutions to contentious sourcing, and, (For Viscose & Dissolving Pulp Producers only)
- Upon request, provide letter or documents to confirm that your company is not sourcing from key forest hotspots. (For Viscose & Dissolving Pulp Producers only)

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**MAN MADE CELLULOSIC FIBRE SOLUTION PATHWAY**

<table>
<thead>
<tr>
<th>WITHIN THREE MONTHS</th>
<th>WITHIN SIX MONTHS</th>
<th>ON GOING</th>
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<tbody>
<tr>
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- Review purchasing decision of potentially controversial sources in a timely manner; and,  
- Develop aggressive targets and reporting systems to track progress. | Develop an understanding of your supply chain and its impacts on ancient and endangered forests:  
- Request/Complete a chain of custody form for each mill, source of fibre and/or product line;  
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- Upon request, provide letter or documents to confirm that your company is not sourcing from key forest hotspots. (For Viscose & Dissolving Pulp Producers only) |
Canopy is a not-for-profit environmental organization dedicated to protecting forests, species and climate. Canopy collaborates with more than 750 companies to develop innovative solutions, make their supply chains more sustainable and help protect our world's remaining ancient and endangered forests. Canopy's partners include H&M, Sprint, Penguin / Random House, Zara, TC Transcontinental, The Globe and Mail and Scholastic. Canopy's work relies on the support of individual donors who share our passion for the planet.

MAN MADE CELLULOSIC FIBRE SOLUTION PATHWAY

4. Eliminate sourcing from ancient and endangered forests and other controversial sources
Engage suppliers identified through the chain of custody process to stop sourcing from endangered forests:
• Support the development of a map of ancient and endangered forests with Canopy, and use it as a tool to implement your company's commitment to not source from ancient and endangered forests and species habitat;
• Eliminate any purchases from endangered forests or contentious suppliers within six months;
• For wood fibre sourced from forests and plantations outside of endangered forests, FSC is used as the preferred certification scheme and FSC tracking numbers are requested.

5. Create Conservation Legacies and Help Mitigate Climate Change
Actively support long-term conservation planning in key endangered and carbon-rich forest areas, especially in regions/countries that are relevant to your supply chain or global operations, by engaging key decisions makers at strategic junctures, and lending your corporate influence to advance long-term conservation solutions.

6. Innovate
Help drive the research and development of fabrics made from recycled materials, agricultural residues or other sustainable non-forest alternatives:
• Develop trials using innovative fibres;
• Share past R&D experiences and invest in overcoming roadblocks;
• Develop broad partnerships with clothing brands, NGOs, academic entities and other fibre producers to help facilitate commercial scale production of recycled fabrics and non-wood alternatives.
• Invest in and use the cleanest dissolving pulp and viscose manufacturing technology (closed-loop systems that reduce chemical effluents)

7. Develop Verification and Tracking Systems
Develop verification and tracking systems to ensure sustainable supply chains over the long-term.
• Explore new methods to track the origin of man-made cellulose product lines and fibre;
• Evaluate and accept verification by a third party for your sourcing of wood products.

Footnotes
1. These elements have been simplified for the purpose of this document. Please contact Canopy for more details.
2. Other entities can and should be consulted on specific issues and/or bring expertise on topics related to the objectives of the Forest and Textiles Leaders for Forest Conservation, when appropriate.
3. Canopy and the brands are mindful of the strict confidentiality required with sensitive information sharing. When appropriate for competitiveness reasons, non-disclosure agreements can be signed.
4. If the fibre comes from selected countries within Europe, PEFC can be used as an interim measure. If the fibre comes from plantations, or from other natural forests such as the tropical rainforests, the Boreal forests and the Coastal temperate rainforests, then FSC should be mandatory.
5. This could take the form of audit reports, random mill visits, material’s spot checks, etc.

Canopy is a not-for-profit environmental organization dedicated to protecting forests, species and climate. Canopy collaborates with more than 750 companies to develop innovative solutions, make their supply chains more sustainable and help protect our world’s remaining ancient and endangered forests. Canopy’s partners include H&M, Sprint, Penguin / Random House, Zara, TC Transcontinental, The Globe and Mail and Scholastic. Canopy’s work relies on the support of individual donors who share our passion for the planet.
CANOPYSTYLE AUDIT PROCESS

1 Your policy

Your Company is committed via its policy to eliminate Ancient and Endangered Forests, and controversial sources from your supply chain.

2 Preparing for the audit

Your Company fills out information form, suppliers list and sends to Canopy and Auditing Body.

Initial contact made between your Company, Canopy and Auditing Body to review the CanopyStyle Audit Framework.

3 The audit takes place

On-site audit or desk audit initiated with opening meeting and document review.

Auditing Body prepares an audit plan and sends to your Company.

Desk audit, on-site facility inspection and interviews. The auditors will consult documents such as invoices, import documents, contracts, purchase orders, standard operating procedures, chain of custody COC reports, etc.

Using ForestMapper, your Company develops a risk assessment and prepares all documents for the audit (see audit preparation form).

4 Audit report

Auditors write draft report and Auditing Body reviews (20 days from closing meeting).

Canopy reviews draft report and provides input to Auditing Body, which responds and prepares draft report for your Company. A set of recommendations are included by Canopy. (25 business days)

Your Company reviews the draft report and sends comments to Auditing Body (15 business days).

Auditing Body and Canopy respond to your Company’s comments (10 Business days).

The collection of audit findings ends. The report is finalized.

5 Releasing the report publicly

Canopy and your Company discuss and review recommendations (30 business days).

Public Report is posted on your Company and Auditing Body websites (within 4 months of the completion of field work).

Audit report is publicly launched and a tri-party media release between your Company, the Auditing Body and Canopy is issued.

CanopyStyle Audits are required annually.

Please contact canopy@canopystyle.org for more information.

https://canopyplanet.org/resources/canopystyleaudit/
List of KPIs and verifiers for a viscose or dissolving pulp mill level verification audits

A supplier owned mill or corporate owned mill can be audited to the following verifiers if they have been chosen due to the following risks:

- This mill is located in a country where additional due diligence to verify the local sourcing information is consistent with the global sourcing information gathered through the desktop audit.
- Corporate desktop audit has identified the mill to be sourcing from regions in proximity to Ancient and Endangered forests and other controversial sources.

Note: Peach highlighted indicators are for mills that have an identified risk for social indicators as a result of the desktop audit.

<table>
<thead>
<tr>
<th>Key Commitments</th>
<th>Preliminary Performance Indicators</th>
<th>Responsibility</th>
<th>Applicability</th>
<th>Verifiers and Examples of Evidence</th>
</tr>
</thead>
</table>
| 1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy | 1.10 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it. ** | All Mills/productio n sites | All mills/productio n sites within supply chain. | • Policy is posted and employees are aware.  
• Training occurred for employees, for instance with purchasing department  
• employees, and a signed training sheet and agenda are shown as evidence. |
| | 1.11 Each production site’s/mill’s managers have developed procedures to implement the Policy, when relevant. ** | All Mills/productio n sites | All mills/productio n sites within supply chain. | • Policy is in place and acted on.  
• All fiber plants (viscose mills)  
• key purchasing manager  
• aware of the policy and putting systems in place to be in conformance  
• Evidence of training  
• Interviews |
| 2. The MMCF producer only sources raw | 2.6 The production site/mill maintains all purchase and sales. | Mills/productio n sites that have | Mills with procurement/purchasing | • Incoming invoices  
• Sales contracts with suppliers |
<table>
<thead>
<tr>
<th>Material from suppliers that are transparent, traceable and are in conformance with the policy – and all sourcing from the local site is consistent with the desktop audit</th>
<th>Purchasing responsibilities. Supplier owned mills.</th>
<th>Responsibilities and /or Supplier owned mills.</th>
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<tbody>
<tr>
<td><strong>2.7</strong> The mill/production site maintains all delivery documentation received with the wood fiber inputs. Such documentation includes an identification of the forest of origin.</td>
<td>All mills/production sites</td>
<td>All mills/production sites within supply chain</td>
</tr>
<tr>
<td><strong>2.8</strong> 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.</td>
<td>All mills/production sites</td>
<td>All mills/production sites within supply chain</td>
</tr>
<tr>
<td><strong>2.9</strong> The production site maintains a summary of annual purchases and then sales to the MMCF producer.</td>
<td>Mills/production sites that have purchasing responsibilities.</td>
<td>Mills with procurement/purchasing responsibilities and /or Supplier owned mills.</td>
</tr>
<tr>
<td><strong>2.10</strong> All Suppliers provide outgoing transportation documents that include the forest/plantation of origin and certification status if relevant</td>
<td>All production/mills</td>
<td>Mill level supplier</td>
</tr>
<tr>
<td><strong>4.</strong> Since the signature of the Policy, all sourcing from ancient and endangered forests</td>
<td>All production sites/mills</td>
<td>All mills/production sites</td>
</tr>
<tr>
<td><strong>4.4</strong> The production site/mill is aware of all relevant local, national and international laws and there is no evidence</td>
<td></td>
<td>• Access to relevant laws and regulations which are appropriate to the locations • Demonstrates commitment to legal</td>
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</table>
and other controversial sources have been eliminated of non-compliance, with local, national or international laws. **

| 4.5 Production site/mill understands the definitions of Ancient and Endanger forests and controversial sources. They also comply with the commitment to not receive wood from Ancient and Endangered forests and controversial sources | 4.5 Production site/mill understands the definitions of Ancient and Endanger forests and controversial sources. They also comply with the commitment to not receive wood from Ancient and Endangered forests and controversial sources. | All production sites/mills | All production sites/mills | • Interviews with responsible staff  
• Observations during the onsite audit  
• Reconciliation of documentation on site with corporate reporting. |
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<tr>
<td>4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.</td>
<td>4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.</td>
<td>All Mills/productio n sites</td>
<td>Mill level supplier</td>
<td>• Maps of wood supply areas with identification of controversial forest areas as defined by Fiber sourcing policy</td>
</tr>
<tr>
<td>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.</td>
<td>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.</td>
<td>All Mills/productio n sites</td>
<td>Mill level supplier</td>
<td>Results of the CanopyStyle audit for indicators 4.4-4.6</td>
</tr>
</tbody>
</table>
| 5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices | 5.4 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures | Mills/productio n sites that have purchasing responsibilities | Mill level supplier | • documented procedures  
• examples of sanction actions. |
and then re-evaluate its relationship with them for identifying nonconformances to the CanopyStyle policy and sanctions to suppliers in such cases where nonconformances are identified.

<table>
<thead>
<tr>
<th>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</th>
<th>7.1 The production site/mill 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. **</th>
<th>All non-FSC certified mills</th>
<th>NA for mills that hold FSC certificates with a scope of their entire operation.</th>
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<tbody>
<tr>
<td>• Company holds an FSC certificate that covers the entire scope of its operations.</td>
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<tr>
<td>• Company demonstrates a record of negotiation and consultation with affected First Nations/indigenous/local communities within fibre basket</td>
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<tr>
<td>• Company shows examples of existing agreements, such as MOUs</td>
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<tr>
<td>**Note: All non-FSC certified mills NA for mills that hold FSC certificates with a scope of their entire operation.</td>
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</table>

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<tr>
<th>7.2 Production site/mills 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. **</th>
<th>All non-FSC certified mills</th>
<th>NA for mills that hold FSC certificates with a scope of their entire operation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Same as above, required of suppliers</td>
<td></td>
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</table>

<table>
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<tr>
<th>7.3 The production site/mills show responsible handling of complaints and resolution of conflicts in a transparent and</th>
<th>All non-FSC certified mills</th>
<th>NA for mills that hold FSC certificates with a scope of their entire operation.</th>
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<tbody>
<tr>
<td>• Complaint system is tracked in company Environmental Management System and other Standard Operating Procedures</td>
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<tr>
<td>7.4 The production site/mill and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</td>
<td>All non-FSC certified mills</td>
<td>NA for mills that hold FSC certificates with a scope of their entire operation.</td>
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<tr>
<td>7.5 The production site/mill has developed procedures to ensure commitment to the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</td>
<td>All non-FSC certified mills</td>
<td>NA for mills that hold FSC certificates with a scope of their entire operation.</td>
</tr>
<tr>
<td>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. **</td>
<td>All non-FSC certified mills</td>
<td>NA for mills that hold FSC certificates with a scope of their entire operation.</td>
</tr>
</tbody>
</table>
List of KPI and verifiers for forest level verification audits:

A supplier that has forest harvesting operations, or subcontracts it, can be audited to the following verifiers if they have been chosen due to:

- The supplier operations and forest management unit is in proximity to Ancient and Endangered forests or controversial sources.
- A desktop audit at the corporate level has identified the location of the supply, to be in proximity to Ancient and Endangered forests or controversial sources.

Note: Peach highlighted indicators are for forests/plantations that have an identified risk for social indicators as a result of the desktop audit.

<table>
<thead>
<tr>
<th>Key Commitments</th>
<th>Preliminary Performance Indicators</th>
<th>Responsibility</th>
<th>Applicability</th>
<th>Verifiers and Examples of Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy</td>
<td>1.10 The suppliers are aware of the policy and understand their responsibilities to be in full compliance with it.</td>
<td>All suppliers</td>
<td>Forest/plantation level supplier</td>
<td>• Policy is posted and employees are aware. • Training occurred for employees, for instance with purchasing department employees, and a signed training sheet and agenda are shown as evidence.</td>
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<td></td>
<td>1.11 The supplier has procedures in place that shows it is compliant with the MMCF producer’s policy</td>
<td>All suppliers</td>
<td>Forest/plantation level supplier</td>
<td>• Suppliers field staff demonstrate awareness and understanding of procedures to meet MMCF producer policy.</td>
</tr>
<tr>
<td>2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy – and all</td>
<td>2.10 The suppliers provide sales and transportation documents that include forest/plantation of origin and certification status if relevant.</td>
<td>All suppliers</td>
<td>Forest/plantation level supplier</td>
<td>• All types of delivery documentation, import documentation, input documentation by volume, output documentation by volume • invoices with certified codes and claims • sales documentation, contracts, invoices, transportation</td>
</tr>
<tr>
<td>sourcing from the local site is consistent with the desktop audit</td>
<td>3. No conversion of natural forest to plantations</td>
<td>documents</td>
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<tr>
<td>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.</td>
<td>All forest level suppliers (To be verified in the forest/plantations that are certified by PEFC and FSC CW wood standards or not certified.)</td>
<td>Forest/plantation level supplier</td>
<td></td>
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<tr>
<td>• Date of plantations is known, • evidence includes government papers specifying conversion date • Chain of custody reports • FSC certificates,</td>
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<tr>
<td>4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated</td>
<td>4.4 The supplier is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **</td>
<td>All forest level suppliers Forest/plantation level supplier</td>
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<tr>
<td>• Access to relevant laws and regulations which are appropriate to the locations • Demonstrates commitment to legal compliance. • FSC certification or PEFC certification in countries with a CPI score above 50.</td>
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<td>4.5 Forests/Plantation wood suppliers comply with the commitment to not supply wood from: Ancient and Endangered forests and controversial sources. The also demonstrate an understanding of the definitions of Ancient and Endangered forests and controversial sources.</td>
<td>All forest level suppliers</td>
<td>Forest/plantation level supplier</td>
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<tr>
<td>4.6 Suppliers have conducted assessment of presence of ancient and endangered forests and other</td>
<td>All forest level suppliers</td>
<td>Forest/plantation level supplier</td>
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<td>• Maps of wood supply areas with identification of controversial forest areas as defined by Fiber sourcing policy</td>
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<td>controversial forests in their wood supply areas.</td>
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<tr>
<td>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.</td>
<td>All suppliers</td>
<td>Forest/plantation level supplier</td>
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<td>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</td>
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<tr>
<td>7.1 The production site/mill 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. **</td>
<td>All forest level suppliers</td>
<td>Forest/plantation level supplier</td>
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<td>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. **</td>
<td>All forest level suppliers</td>
<td>Forest/plantation level supplier</td>
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<tr>
<td>7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts</td>
<td>All forest level suppliers</td>
<td>Forest/plantation level supplier</td>
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</table>
|   |   | • Company holds an FSC certificate that covers the entire scope of its operations.  
|   |   | • Company demonstrates a record of negotiation and consultation with affected First Nations/indigenous/local communities within fibre basket  
|   |   | • Company shows examples of existing agreements, such as MOU’s  
|   |   | Company has a strategy to develop capacity building and relationship building with affected First Nation/indigenous/local communities  
|   |   | • Same as above, required of suppliers  
<p>|   |   | • Complaint system is tracked in company Environmental Management System and other Standard Operating Procedures |</p>
<table>
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<tr>
<th></th>
<th>In a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</th>
<th>• Company is in position to communicate transparently about these complaints and report on how they have been addressed</th>
</tr>
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<tbody>
<tr>
<td>7.4</td>
<td>The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</td>
<td>All forest level suppliers</td>
</tr>
<tr>
<td>7.5</td>
<td>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.</td>
<td>All forest level suppliers</td>
</tr>
<tr>
<td>7.6</td>
<td>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. **</td>
<td>All forest level suppliers</td>
</tr>
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* Evidence of resources to engage in meaningful dialogue with workers, unions etc.

** Mention of this criteria in contracts with suppliers

This is a summary of previous criteria 7.1 to 7.5
Scope for the Surveillance Audit - 2019

Context:
Starting in 2017, the first set of global viscose and rayon producers completed and published the result of the first-ever CanopyStyle Audits to track progress on the implementation of robust wood sourcing policy commitments including verifying the risk of sourcing from the world’s Ancient and Endangered forests.

To date, 54% of existing global viscose production capacity has gone through the CanopyStyle independent verification audit, with 28% achieving the industry leading result of low risk of sourcing from Ancient and Endangered Forests and other controversial sources.

This achievement and the learning attained through completion of the first audits is something that the CanopyStyle Initiative wants to build upon, to recognize successful progress while also creating audit efficiencies. Also, the audits capture a snapshot in time, and therefore the CanopyStyle audit process has always been clear that the intention is to carry out the audits on an annual basis.

This periodic monitoring of supply chains to ensure the level of risk remains (or is being improved to) low, as well as an evaluation of progress as measured against the vision and requirements of the CanopyStyle Initiative, is intended to create opportunities for ongoing learning, improvements and risk avoidance.

Focus of the surveillance audit:
• The auditors will review the action plans developed by the company as a result of the first annual audit, and include a description of the work accomplished to implement this action plan;
• The auditors will complete a desktop audit and review all indicators within the CanopyStyle Audit Guidelines and Verification Framework. The review will ensure that the status of indicators that were previously “met” is unchanged, and priority focus will be given to indicators that were “not met”, and those identified as “in progress”.
• To streamline the process, first-year audit findings will be considered consistent and carried forward if sourcing conditions have not changed (specifically, the list of suppliers and sourcing regions is identical).
• In addition, based on potential risk and geographical location of mills, a maximum of two random and surprise (short-notice) site visits will be conducted.
**Process for short-notice site visit:**

- The incorporation of this method of unpredictable auditing visits was clearly outlined in the CanopyStyle Verification Audit and Framework first shared in 2016.
- Short-notice audits will be conducted at viscose production facilities (i.e., not at the supplier sites such as dissolving pulp mills or plantations).
- There will be no more than 2 short-notice site visits in the 2nd year of auditing.
- It is assumed that staff who have already gone through the CanopyStyle audit will know what to expect, so this style of audit will not create any additional burden but will increase trust in the auditing protocol by brands and other stakeholders.
- It is possible that the auditor may select sites that have not undergone the audit previously.
- The company will be given 18 hours advance notice before auditors arrive on site.
- Each of these short-notice visits will be contained to a maximum of 16 hours on site to cause as little disruption as possible.
- The auditors will select sites during the desktop audit or shortly after. The choice of sites will be based on potential sourcing risk and/or overlap with Ancient & Endangered forest maps, and/or other compliance questions arising during the desktop audit.
- The auditors will be free to select the same sites as in the first audit or new sites. If there is no potential of overlap with Ancient & Endangered forest maps, or other identified risks, and all sourcing documents audited at desktop appear to be in order, the auditor may choose a site at random.
- Permission to undertake the short-notice site visits, at any of their facilities and where staff will fully cooperate, under the above conditions, will be granted in the service agreement with the auditor.

**Audit report:**

All other elements of the CanopyStyle Verification and Audit Framework will remain consistent, including the requirement that the full surveillance audit report will be made public in a transparent manner on the viscose producer website and the auditor’s website.
ANNEX 7 Guidelines for collecting Forest of Origin information

**Guidelines for collecting Forest of Origin information**

For viscose producers engaged in the CanopyStyle Audit and their dissolving pulp suppliers

**What is the CanopyStyle Audit?**

The CanopyStyle Audit is a tool to help keep Ancient and Endangered Forests out of fashion. The CanopyStyle Audits of global producers of man made cellulosic fiber (ie. rayon and viscose) are based on a robust set of criteria developed by Canopy in partnership with the auditors Rainforest Alliance, and with approval of the CanopyStyle Leaders for Forest Conservation comprised of Inditex/Zara, H&M, EILEEN FISHER, Stella McCartney and Marks & Spencer.

The CanopyStyle Audit Guidelines are designed to establish a credible, third party verification process to be undertaken by viscose producers. Apparel brands, retailers, and designers will use the results of the audit as one of the reference points as they implement their forest sourcing policies. The auditors verify how producers are meeting the criteria and whether they can be recognized as being at low risk of sourcing from ancient and endangered forests or controversial sources.

The final result of the verification will then help customer brands and retailers identify, document and manage the risk of sourcing fabrics that contain ancient and endangered forests, or other controversial sources.

For more information about the CanopyStyle Audit:

**Why are viscose producers requested to collect Forest of Origin information?**

The CanopyStyle audit requires viscose producers to provide verifiable evidence on the origin of the wood and pulp that they use in the production of fabric and fibers.

As a current example of the CanopyStyle audit recommendation with regards to Forest of origin information: “ It is a Canopy expectation that viscose producers collect GPS points, GIS coordinates and/or shapefiles from its suppliers of all the dissolving pulp supply areas, to identify the forests of origin, which can then be overlaid with the Canopy map of Ancient and Endangered forests. Production sites should be made aware of this process and the results, such forest of origin information and certification information, can be used in subsequent audits. ”
Without such specific information, especially when sourcing from countries that contain ancient and endangered forests and other controversial sources, it is not possible to dispel the risk level and confirm it to be low. Clarifying Forest of Origin information enables risk to be clearly dispelled or identified for future action.

**Where does the demand on transparency and traceability come from?**

Pushed by socially ethical and environmental stakeholders and consumers, the fashion industry is always in the hot seat and having to respond to the impact their products have on the lives of workers in the supply chain and on the environment.

More and more, we see brands mapping and publishing the names of their processing facilities where clothes are dyed, printed, laundered and otherwise finished at an earlier stage of production. Customers and brands are eager to identify their raw material suppliers, to know where their cotton, wool, rayon and viscose or other fibres come from and/or who produces them.

For viscose, rayon and other man-made cellulosic fiber, this includes the simple, yet not easy to answer question: From which forests in the world is the fabric made?

**What is the role of dissolving pulp suppliers in supplying such detailed information about the forest of origin of the wood pulp?**

The trend of increasing transparency in the fashion industry is only going to grow. With the world’s largest viscose producers going through the CanopyStyle Audit, this means that more and more viscose producers will ask that their dissolving pulp suppliers disclose the forest of origin of their wood pulp.

Specifically, dissolving pulp producers are expected to provide detailed information about the origin of their forest fiber, including the country and province name, the forest region, and forest tenure names, numbers and/or concession. In addition, dissolving pulp suppliers are expected to provide specific geo-referenced location and/or maps of the forest where the harvesting occurred.

Of note, forest management certificates can sometimes be helpful in identifying the above, but may not substitute the need for detailed maps.

**In what format should data and information about Forest of Origin be collected and shared?**

- Shapefiles: geographically referenced data, compatible with ARCGIS, with specification about the projection information associated with it. Preferably, all sourcing locations would be compiled, by province, or countries.

or
• GPS points: Coordinates provided in a table format, with the information on the coordinate system that was used.

Of note, PDF or jpeg files, even of maps, are not the proper format to allow for the overlay.

How will this information be used by Canopy and the auditors?
The CanopyStyle audit is designed to provide the viscose producer with an analysis of their current sourcing impacts and be a tool for learning from which a roadmap for improvement can be developed. To accurately map a viscose producer’s risk of sourcing from endangered forests, it is essential to know which forest regions are being sourced from.

Forest of Origin data received by Canopy will be treated as sensitive business information and will not be shared with competitors.