



CanopyStyle Audit Report

for China Textile Academy Green Gibre Co.,Ltd

Assessment 2024

Evaluation date: 31 October 2024

Report date: 22 May 2025

Organisation Contact

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INTRODUCTION

Preferred by Nature (former name: NEPCon) is an international, non-profit organisation with 30 years of experience, promotes sustainable land management and business practices across 100+ countries. Our services include sustainability certification, awareness projects and capacity building, catering to a diverse clientele, from smallholders to global brands in industries including trading, printing, paper, DIY and wood. With over 300 staff in 40+ countries, we conduct 5,000+ audits annually, actively participating in eco-labelling schemes and advocating for continual improvement. As an ISEAL Alliance subscriber, we are dedicated to establishing credible social and environmental standards.

The purpose of this report is to document performance of *China Textile Academy Green Fibre Co., Ltd* hereafter referred to as "Company", against the requirements of the Verification Framework and Guidelines, (September 2021 version¹) and related guidance documents² developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)³ and the over 500 brands, retailers and designers looking to implement their sourcing policies for man-made cellulosic textiles. The focus of this verification audit is to manage the risk and avoid sourcing from Ancient and Endangered Forests and other controversial sources and implement other sustainable sourcing measures, across the supply chain from the point of wood harvesting in forests and/or plantations and through to the brand and retail customers. Man-made cellulosic fibre (MMCF) producers, are required to document and provide evidence towards a set of pre-defined social and environmental criteria and key progress indicators as part of the CanopyStyle initiative.

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

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

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

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

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

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

1. GENERAL DESCRIPTION

1.1 Company overview

China Textile Academy Green Fibre Co., Ltd is a high-tech enterprise that integrates product development, production, brand marketing, fibre sales, and application services with independent intellectual property rights of "Lyocell" technology supported by the industrial subsidiary group of China General Technology Group. It has 2 production lines, one with production capacity of 40,000 ton, and one with production capacity of 60,000 ton. The annual output capacity during the assessment period is 100,000 tons.

It holds a number of 3rd party certificates, including FSC COC certificate (NC-COC-060774); Quality Management System Certificate (ISO9001:2015); Environmental Management System Certificate (ISO14001:2015) and Occupational Health and Safety Management System Certificate (ISO45001:2018).

1.2 Company scope (sites, locations, etc)

China Textile Academy Green Fibre CO.,Ltd purchases raw material, manufactures and sales of Lyocell Fibre Only.

The headquarter is responsible for development and enforcement of the company sourcing policy and purchasing raw materials for the mill. It only has one mill which is responsible for manufacturing the lyocell fibre.

1.3 Company sourcing policy

The Company re-published their *Fibre Procurement Policy for Protecting Forests* being effective on 1st Jun 2024 due to revision of their official website and committed to

- Conserve Ancient and Endangered Forests and intact forest landscapes.
- Recognize, respect and uphold human rights of communities
- Develop innovative and alternative fibre programme
- Advocate for conservation solutions
- Promote forest certification
- Transparency, traceability and verification
- Reduce greenhouse gas footprint
- Prevent pollutions
- Enhance communication.

2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in supplier CoC form	<input type="checkbox"/> Other suppliers
Majority Fibre Input:	100% dissolving pulp	
Map of Ancient and Endangered Forests Overlay Completed:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No Comments:
Mill Capacity:	100,000 ton/year	
Primary Activity:	Lyocell fibre production	

Outsourcing:	<input type="checkbox"/> FSC-certified subcontractors	<input type="checkbox"/> Non-certified subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
	<input checked="" type="checkbox"/> No outsourcing	
Workforce:	Permanent male: 519	Permanent female: 65
	Contract male:	Contract female:
	TOTAL: 584	

Sites included in evaluation	Location
China Textile Academy Green Fibre Co.,Ltd	South side of Xinchang Road, Xinxiang economic and Technological Development Zone, Henan Province
Lyocell fibre mill (began production in 2016)	South side of Xinchang Road, Xinxiang economic and Technological Development Zone, Henan Province

3. EVALUATION PROCESS

3.1 Audit Team

Auditor name(s)	Qualifications
Zhou Peiying	Sustainability Specialist; Qualified LegalSource auditor; Rich experience in timber legality related projects, especially in EUDR, EUTR, FLEGT Action Plan (VPAs) related activities. Adequate knowledge and understanding of international timber legality requirements. Her responsibility as sustainability specialist includes delivering supply chain risk assessment, mitigation activities, and system development to meet international legal requirements (e.g. EUTR) and sustainability criteria. Besides that, she also provides advisory services to clients in the forest-impact sector to support them in sourcing legal and responsible sources, esp the upcoming EUDR implementation.

3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
Corporate office	31 October 2024	4 hours
Lyocell fibre mill	31 October 2024	4 hours

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

3.3 Description of Overall Audit Process

The audit officially started on 22 - Aug -2024. The auditor started contacting the Company by requiring relevant documentation based on the latest CanopyStyle audit guidelines and framework.

The Company sent over a number of documents for the reporting period (01-Jul-2023 to 30-Jun-2024) for all suppliers, procurement data, sales data, update on innovative and alternative fibre, evidence on conservation, evidence on social issues from suppliers, etc.

In the meantime, the auditor also communicated and cross-checked with the Company over any issues and questions occurred during the review process.

On 31-October-2024, the auditors conducted the on-site audit at the corporate office, with the presence of management representative and the key staff from relevant departments from the corporate office. During the opening meeting, the objective and scope of the audit, agenda, conflict of interest (COI) issues, etc were communicated. The management representative gave a brief introduction of the company and operation activities and the efforts made on Canopy sourcing policy. The auditor then shared major findings from reviewing the documentation.

Following the opening meeting, the auditor interviewed the management team regarding action plan and any updates in regard of practices with Canopy policy commitment, Company structure, Canopy training, purchase policy, supplier management, research of alternative Fibre, environment protection, forest protection, etc.

After interview with management, related documents were reviewed, such as Wood Fibre Sourcing Policy and Operational Procedures, Annual Volume Summary Data, purchase documents (contracts, invoices, packing list, bill of lading etc.), Training records, etc.

Then, the auditor toured the company's mill(s) including the production line(s) and warehouse(s). When touring the warehouse(s), the auditor checked on the mill's input and output records, storage for the pulp in use.

In combination with reviewing documents and visiting the company's facilities, the auditors interviewed the staff from various departments, including production department, sourcing department, etc.

The closing meeting was held on the same day. The auditor gave a summary of the meeting, raised issues and acquired for additional further information within two weeks' time after the meeting. The Company provided further required additional documentation at a later stage as well as responded to some of the major concerns. For details please refer to the standard checklist in the appendix

Participants:

- Ms. Zhao Xiaomeng, Purchasing Department
- Mr. Wang Kuo, Sales Department
- Mr. Tian Yuchen, Branding Department
- Mr. Zhang Jianing, Material Management Department
- Ms. Niu Junxia, HR/Labor Union
- Mr. Zhang Shuai, Production Department
- Mr. Yan Jinghua, R&D Department

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

The Company has been implementing the pulp sourcing policy in line with CanopyStyle initiative. A standard operation procedure (SOP)_ file code: Q/CanopyStyle zflx-06-2024 has been developed by the HQ to implement the Policy as well as monitor on the suppliers' performance. The standard operation procedure is shared with the mill. The Company has also developed capacity as well as organizational structure in implementing the Policy. Management team as well as the production site managers are trained how implement the policy and procedure.

The dissolving pulp suppliers list was made publicly on the Company's official website and the Company has agreed to share the risk assessment of suppliers with the Leaders Group.

The Company conducted the risk assessments on their supply chains within the reporting period by combining the information collected from suppliers, using ForestMapper as well as the Dissolving Pulp Classification Tool to define whether there are A&E forests involved in sourcing. The company also expanded the evaluation criteria with additional criteria.

The Company trialled using a mix of dissolving pulp with recycled pulp to produce lyocell fibre.

The Company has made significant improvements in their systems to comply with the CanopyStyle requirements, particularly in the areas of Leadership Group engagement, risk assessment, and commitments to increase the uptake of FSC certified materials (0 tons in 2022, 6400 tons in 2023 and 7300 tons in 2024) The company is willing to participate in events that support collaborative and visionary solutions which aim to protect remaining Ancient and Endangered Forests. The company had participated in the event jointly organized by the CV league and Canopy in Shandong Province, China on

Next Generation Fibre. The company also joined the webinar held by Canopy on Next Generation Fibre, details please refer to indicator 9.

The company exclusively uses lyocell technology to make lyocell staple fibre which is confirmed by onsite visit (production line, warehouse) and interviews of staff at production and technology department.

Areas for Improvement:

The company didn't provide solid evidence during the audit in terms of their communication with suppliers on fulfilling the commitment in implementation on the policy.

During audit, the auditor reviewed suppliers' contract samples provided by the company and found the requirements to implement the Policy were NOT added in the current agreements/contract (this reporting period). The company agreed to add such requirements in the contract for future procurements.

Although trainings were conducted among relevant departments, interviews with relevant responsible personnel from departments such as Warehouse, Production, Branding were not satisfactory in terms understanding on the policy as well as their responsibilities.

The Company made significant attempts to collect information from their suppliers on forest or plantation of origin, and during this audit suppliers only disclosed up to country level. Therefore, origin of material for suppliers is only known at a country level creating a broad sourcing area having a potential overlap with Ancient and Endangered Forests.

In terms of whether the wood comes from forest/plantation where no conversion of natural forest to plantations has occurred, no conclusive evidence was provided from the Company as well as from the suppliers, except their products' FSC certificate status. Company shall work further to gather conclusive evidence from supplier in this regard.

For FSC certified pulp purchasing, by sample checking the purchasing data, it's found that there are documents traded without carrying proper FSC info. i.e. when procurement happened directly between pulp mills and the company, certificate info was correctly shown on the relevant documents. While, when procurement happened between the pulp mill and the company via a trader, the trader was not certified, as a result, the invoice issued from the trader did NOT carry any certificate info and could NOT be accepted as the product received by the company was certified or carrying a FSC CW claim.

The company has a procedure (Pulp supplier procurement evaluation procedure-regarding procurement from tropical peatlands and/or intact forest landscapes) to prevent sourcing from tropical peatlands and/or intact forest landscapes, which is included in the company's internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024). Although there are FSC certified sourced material supplied to the company, FSC certified material could be sourced from peatlands and IFLs. In addition, there is non-certified dissolving pulp supplied as well, where the commitment of not sourcing from tropical peatlands and/or IFLs cannot be guaranteed.

Canopy shared an advice note (effective 1 June 2019) that introduces a new tool (Dissolving Pulp Mill Classification) to be used in addition to the Forest Mapper when conducting risk assessments for sourcing from Ancient and Endangered Forests. The new tool outlines commonly used dissolving pulp mills and a determination of risk considering priority Ancient and Endangered Forests. Below please find the results comparison

between the company internal risk assessment conducted for this assessment audit period and the Canopy Dissolving Pulp Classification Tool:

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
Sappi Papier Holding GmbH (Saiccor)	Grade A Prioritized to be purchased	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
INTERNATIONAL PAPER COMPANY	Grade B Gradually to be phased out	In proximity to habitat of species at risk.
Celulosa Arauco y Constitución S.A	Grade A Prioritized to be purchased	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
LD Cell	Grade A Prioritized to be purchased	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
Renewcell Circular (recycled cotton pulp)	N/A	N/A

4.2 Summary of findings

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

** Indicates Critical Indicators

Key Commitment	Performance Indicators	Rating
1. The MMCF producer has publicly communicated and is	1.1 Senior executive and key managers make a publicly available commitment to full	<i>Commitment Met</i>

implementing the Fibre Sourcing/Forest Policy	implementation of the forest sourcing policy **	
	1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	<i>Commitment Met</i>
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	<i>Commitment Met</i>
	1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	<i>Commitment in Progress</i>
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	<i>Commitment Not Met</i>
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	<i>Commitment in Progress</i>
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	<i>Commitment Met</i>
	1.8 The MMCF producer has put in place a grievance procedure.	<i>Commitment Met</i>
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	<i>Not Applicable</i>
	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	<i>Commitment in Progress</i>
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	<i>Commitment Met</i>
2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	2.1 The MMCF producer identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. It also includes information about what volumes have FSC claims (i.e., FSC Mix, FSC 100%, FSC controlled wood). Where traceability is known, specify the FSC Certified FMU.	<i>Commitment Met</i>
	2.2 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.	<i>Commitment Met</i>
	2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	<i>Commitment in Progress</i>

	2.4 The assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.	<i>Commitment Met</i>
	2.5 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human rights and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.	<i>Commitment Met</i>
	2.6 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textile retailers.	<i>Commitment Met</i>
3. MMCF supply chain is deforestation free- there is no conversion of natural forest to plantations	3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate. **	<i>Commitment in Progress</i>
4. Since the signature of the Policy, all sourcing from Ancient and Endangered Forests and other controversial sources have been eliminated	4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered forests", "intact forest", "natural forest", "endangered species", "controversial sources", "high conservation value", "high carbon area", "peatlands", etc. that are consistent with this document and the forest sourcing policy template. **	<i>Commitment Met</i>
	4.2 All areas meeting the definition of "Ancient and Endangered Forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group. **	<i>Commitment in Progress</i>
	4.3 Any raw materials in the MMCF producer's supply chain originating from Ancient and Endangered Forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills. **	<i>Not Applicable</i>
	4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **	<i>Commitment Met</i>
	4.5 The commitment not to source from Ancient and Endangered Forests and other controversial sources is verified. **	<i>Commitment in Progress</i>

5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	5.1 All MMCF producers' suppliers are identified and the forest of origin is known. **	<i>Commitment in Progress</i>
	5.2 The MMCF producer has developed procedures for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. ** (Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)	<i>Commitment Met</i>
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	<i>Not Applicable</i>
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 When requested, Canopy, the Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	<i>Not Applicable</i>
*If sourcing from Priority Ancient and Endangered Forests, the MMCF producer (and/or supplier) is doing so in a manner consistent with the Advice Notes and actively engaging its supplier(s) to undertake large-scale scientifically based conservation planning and seeking FSC forest management certification for wood sourcing. (if, and when the producer is vertically integrated, they may excute the conservation planning and FSC certification themselves)	6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **	<i>Not Applicable</i>
	6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **	<i>Not Applicable</i>
	6.4 The MMCF producer requires of its supplier to have developed a management	<i>Not Applicable</i>

	plan that identifies measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOs. **	
	6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free Prior and Informed Consent. **	<i>Not Applicable</i>
<p>7. The MMCF producer shall require their forest/wood suppliers to recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies in the forestry sector</p> <p>Note: This audit focuses on only on forest sourcing and wood-based pulp production. We recognize that there are other issues of concern and interest that are beyond the scope of this risk verification audit. Additional actions will be required by brands, retailers and MMCF producers to adequately address and verify health and safety, working conditions, labour practices, equity and discrimination at mill sites.</p>	7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities affected by forest operations. **	<i>Commitment Met</i>

	7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **	<i>Commitment in Progress</i>
	7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.	<i>Commitment in Progress</i>
	7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.	<i>Commitment in Progress</i>
	7.5 The MMCF producer has developed procedures to ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.	<i>Commitment in Progress</i>
	7.6 Recognition and respect for human rights is demonstrated by the MMCF producer 's forest/wood suppliers. There is no evidence of continuing to source from a forest/wood supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **	<i>Commitment in Progress</i>
8. Development of Innovative and Alternative Fibre	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 fibre sources that reduce environmental and social impacts, such as agricultural residues and recycled fibres. **	<i>Commitment Met</i>
	8.2 The research and development phase for the production of pulp and cellulosic fibre made from alternative fibre sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	<i>Commitment in Progress</i>
9. Voluntary advocacy for conservation solutions	9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim protect remaining Ancient and Endangered Forests. **	<i>Commitment Met</i>
	9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions that have the Free, Prior and Informed Consent of affected indigenous and local communities. **	<i>Not Applicable</i>
	9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving	<i>Commitment Met</i>

	designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.	
	9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs. **	<i>Not Applicable</i>
10. Responsible forest management	10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake. **	<i>Commitment Met</i>
11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses	11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.	<i>Commitment Met</i>
	11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.	<i>Commitment in Progress</i>
	11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **	<i>Commitment in Progress</i>
12. Pollution Prevention	12.1 * This verification process <u>will not</u> verify the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality. Canopy expects MMCF producers to invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process), and to implement the ZDHC new viscose guidelines available at https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released	<i>Not Applicable</i>

4.3 Volume Summaries⁵

Reporting period: 1st July 2023 to 30th Jun 2024

Category	Explanation	Volume	% Overall
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⁵ The volume summary is provided by the organization.

FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	1000	1.70%
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System		
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	4000	6.79%
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).	1100	1.87%
Non-FSC	Material received with no FSC claim.	52800	89.64%
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)		

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

1. Evaluation of Corporate Office China Textile Academy Green Fibre Co.,Ltd

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Wang Kuo, Sales Department Mr. Tian Yuchen, Branding Department
Auditor(s):	Zhou Peiying
People Interviewed, Titles:	Mr. Wang Kuo, Sales Department Mr. Tian Yuchen, Branding Department Mr. Yu Shunping, Vice General Manager; Responsible personnel for the plant. Ms. Zhao Xiaomeng, Purchasing Department Mr. Zhu Xianghua, Warehouse
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments: China Textile Academy Green Fibre Co., Ltd. Corporate Office is responsible for development and enforcement of the company sourcing policy and purchasing raw materials for the mill.	

2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the Fibre Sourcing/Forest Policy	
Indicators	Findings

<p>1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Company re-published their <i>Fibre Procurement Policy for Protecting Forests</i> being effective on 1st Jun 2024 due to revision of their official website: : http://www.zflxgf.com/Investor_detail/Fibre_Procurement_Policy_for_Protecting_Forests.html</p>
<p>1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Standard Operating Procedure (Q/CanopyStyle zflx-06-2024) was developed by the company to implement the policy related to conserve Ancient and Endangered Forests and avoid controversial sources. This SOP document identified the organizational chart, responsibilities of relevant personnels, specified dissolving pulp procurement procedure as well as monitoring procedure on suppliers, etc. According to the SOP, the company should communicate relevant requirements and the sourcing policy to supplier candidates, and the procurement should only occur among qualified suppliers. Preference is given to certified suppliers. For any non-certified supply, supplier needs to provide additional evidence to prove no sourcing from Ancient</p>

	<p>and Endangered Forests such as due diligence report.</p> <p>For non-compliance supplies, the company will ask suppliers to create corrective actions. The company will cease or reduce the procurement before corrective actions are proven as efficient and effective.</p>
<p>1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>An organizational chart is provided to the auditor. According to the chart, the company has facilitated relevant capacity in implementing the policy.</p> <p>Mr. Yu Shunping, Vice General has the overall responsibility for sourcing policy implementation. Purchasing department, Sales department, Branding department, Production department, Financial department, Warehouse, Sustainable Development Committee, HR etc are all involved.</p> <p>Each department has different clear responsibilities. Taking Purchasing department and Branding department' s responsibility for instance:</p> <p>Purchasing department:</p> <ul style="list-style-type: none"> - Implement the sourcing policy - Communicate with suppliers on relevant requirements - Responsible for seeking new suppliers as well as managing/monitoring current ones - Responsible for taking care of relevant complaints <p>Branding department:</p> <ul style="list-style-type: none"> - Point of contact with Canopy - Report to the representative on any issue/progress/performance related to Canopy within the company - Provide support on the audit - Organize trainings
<p>1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

	<p> <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: Organization chart has been provided during the audit, led by the General Manager, a management representative is assigned and several departments are involved including Purchasing, Production, Sales, Warehouse, Financial Dept. The Company organizational chart for implementation of policy has been shared with the auditor. However, interviews with relevant responsible personnel from departments such as Warehouse, Production, Branding were not satisfactory in terms understanding on the policy as well as their responsibilities. </p>
<p>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: During the audit, no evidence provided to the auditor. </p>
<p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers.**</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: During the audit, it's found that relevant requirement was NOT included in the purchasing contract/agreement for the past procurements within the auditing period. The company has raised such requirement in future purchasing. Contract samples are provided to the auditor. However, the 2 sample contracts provided: 1. One contract sample didn't involve the requirement on implementing the policy. </p>

	<p>2. The other contract sample raised such requirement but there is no clear requirement that suppliers must comply with procurement policies. Just saying that in principle, suppliers need to comply. Therefore, it's not considered that this is fully meeting the requirement.</p> <p>The company explained that the contract samples templates are all from suppliers and it's not able for them to change the content, but the company will enclose the Policy as attachment and ask the supplier to sign on the Policy itself.</p>
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has developed and implemented the internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024) for the implementation of Pulp Procurement Policy, where the suppliers are subject to the monitoring and evaluation from the company.</p> <p>The procedure is composed of several segments including Procurement Management Procedure / Supplier Management Procedure.</p> <p>The evaluation methods of the supplier include:</p> <ul style="list-style-type: none"> - Supplier information collection on business registrations, chain of custody reports, certification information, etc - For new suppliers, qualifications must be reviewed and the sourcing of material must comply with the company's procurement policy. - Suppliers who have supplied continuously for more than one year should be tracked and evaluated by

	<p>relevant departments organized by the procurement department at the end of each year based on the supply schedule, quality, supplier performance, supplier performance and risk level in CanopyStyle initiatives.</p> <ul style="list-style-type: none"> - Urgent evaluations shall be conducted to suppliers who are identified sourcing from high-risk areas. - The procedure also requires suppliers shall uphold the core requirements under the the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
1.8 The MMCF producer has put in place a grievance procedure.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company established the grievance procedure in the SOP confirming on the communication channel, solution on coping with the grievance, designation of department in charge of coping with grievance.</p> <p>The Sustainable Development Committee is responsible for CanopyStyle action related complaints processing. If any behaviour that does not comply with CanopyStyle or local laws and regulations is found, anyone can file a complaint to the company. After receiving the complaint, a designated person will be responsible for handling it and providing feedback to the company's management. The feedback (handling plan) will be provided to the complainant within one week, and the results will also be provided to the complainant after expiration of the handling plan.</p> <p>In addition, the company is FSC COC certified which requires a grievance procedure as well.</p>
1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p>

received.**	<input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: No complaints have been received, and no non-conformities have yet been recognized during the time scope of this audit.
1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: The company organized several trainings in 2024, namely: <ul style="list-style-type: none"> • 30-Jan-2024 training on next generation fibre planning. • 22-May-2024 training on A&E forests conservation. • 9-Jun-2024 training on supply chain risk assessment. Departments involved are Production department, Sales department, Purchasing department, Branding department, etc. Training records were provided to the auditor during the audit. However, interviews with relevant responsible personnel from departments such as Warehouse, Production, Branding were not satisfactory in terms understanding on the policy as well as their responsibilities.
1.11 Each production site managers have developed procedures to implement the Policy, when relevant.**	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: A Standard Operating Procedure (Q/CanopyStyle zflx-06-2024) has been developed by the company corporate office and it was shared with the viscose mill.

Summary:

The company has developed a fibre sourcing policy with supporting procedures for implementation of Canopy requirements and conducted training. The sourcing policy is made available on the company's website and communicated to the suppliers. Capacity and organizational structure were established to ensure the implementation.

The company didn't provide solid evidence during the audit in terms of their communication with suppliers on fulfilling the commitment in implementation on the policy.

The company has developed and implemented the internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024) for the implementation of Pulp Procurement Policy, where the suppliers are subject to the monitoring and evaluation from the company.

Interviews with relevant responsible personnel from departments such as Warehouse, Production, Branding were not satisfactory in terms of understanding on the policy as well as their responsibilities.

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

Indicators	Findings
2.1 The MMCF producer identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. It also includes information about what volumes have FSC claims (i.e., FSC Mix, FSC 100%, FSC controlled wood). Where traceability is known, specify the FSC Certified FMU.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has documented all raw material inputs by volume, as required. The information, recorded in an Excel spreadsheet. Between 1-Jul- 2023 and 30-Jun- 2024, the company purchased a total of 58,900 tons of pulp (excluding the recycled cotton supplied by RE:NEWCELL)</p> <p>The company provided a sourcing information form detailing data for these 4 suppliers, including the pulp mill name, volume and percentage from each supplier, species information, country or sub-country of origin, and certification status of the purchased pulp.</p>
2.2 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Purchasing Dept and the Branding Dept conducted the risk assessments for all 4 suppliers within the reporting period by combining the information collected from</p>

	<p>suppliers, using ForestMapper as well as the Dissolving Pulp Classification Tool to define whether there are A&E forests involved in sourcing. The company also expanded the evaluation criteria with additional criteria including:</p> <ul style="list-style-type: none"> - Legality - Whether GMO species is used - Where the forest(s) of origin are, plantation related information - Whether human rights of communities are recognized, respected and upheld <p>The risk assessment results are provided to the auditor.</p>
2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company provided the suppliers list. The 4 dissolving pulp mills on the supply chain are identified.</p> <p>All 4 pulp suppliers disclosed the sourcing supply chain to a country level. However, there is no solid evidence provided from the suppliers on sourcing information during the audit to the auditor.</p> <p>According to the company, they are using Canopy Dissolving Pulp Mill Classification Tool, the addresses from each mill and ForestMapper as well as FSC certification to conduct the risk assessment to see whether the suppliers are sourcing from Ancient and Endangered Forests as well as from other controversial sources.</p> <p>By checking upon all the purchasing documents, there are no trade and transport documents provided from the forest(s) level.</p> <p>Since no forest(s) of origin info is provided, this indicator is graded as Commitment in Progress.</p>
2.4 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p>

	Description of the finding: The company confirmed that the assessment is updated every year and shared with Canopy. The last assessment was conducted in October 2023 according to the company.
2.5 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human risks and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Please refer to indicator 2.2 for detailed findings.
2.6 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: The Company has published its updated suppliers on its website: Dissolving Pulp Suppliers of CTACELL 2024 Greccell Co., Ltd.
Summary: <p>The company has identified all raw material inputs by volume as required. The company provided the sourcing information form which includes information such as suppliers info, percentage of total input from each pulp supplier, species info, forest origin (up to country level), volume info, certification status of purchased pulp, output product name, etc. The dissolving pulp mills as well as traders on the supply chain are identified. The supply chains are mapped back to country level, However, Forest Management Units' info is not provided.</p> <p>The company conducted the risk assessments to all dissolving pulp suppliers within the reporting period by combining the information collected from suppliers, using ForestMapper as well as the Dissolving Pulp Classification Tool to define whether there are A&E forests involved in sourcing. The company also expanded the evaluation criteria with additional criteria.</p> <p>According to the Company, the assessment is going to be updated every year. During the audit this time, the evidence and the assessment for this reporting period was provided to the auditor, it has been shared with Canopy also. The company is also willing to share with the Leaders Group.</p>	

3. MMCF supply chain is deforestation free – there is no conversion of natural forest to plantations

Indicators	Findings
3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met

<p>1994, or post 1994 with a supporting valid FSC certificate. **</p>	<p><input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>No solid evidence provided from the company as well as from the suppliers, except their FSC certificates.</p> <p>Since there are FSC certified materials(FSC Mix certified, FSC 100%), FSC Controlled Wood claimed material, as well as Non-certified material supplied to the Company, this indicator is graded as Commitment in Progress.</p> <p>Kindly note:</p> <ul style="list-style-type: none"> - The only forest certification which guarantees no conversion after 1994 is FSC 100%. - PEFC certification at the forest level or in the supply chain does not preclude material originating from plantations established after 1994. - FSC controlled wood does not necessarily exclude material originating from plantations established after 1994. - FSC Mix Credit pulp, some portion of the supplier's procurement would originate from FSC-certified forests, which meet this requirement. However, some portion would originate from as controlled material, which does not necessarily preclude sourcing from plantations established after 1994. - For the non-certified pulp, no information on origin was provided, therefore there is insufficient evidence to determine that this material does not originate from plantations established after 1994.
<p>Summary:</p> <p>No solid evidence provided from the company as well as from the suppliers, except their FSC certificates.</p> <p>Since there are FSC certified materials (FSC Mix certified, FSC 100%), FSC Controlled Wood claimed material, as well as Non-certified material supplied to the Company, this indicator is graded as Commitment in Progress.</p>	

4. Since the signature of the Policy, all sourcing from Ancient and Endangered Forests and other controversial sources have been eliminated

Indicators	Findings
<p>4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered forests," "intact forest," "natural forest," "endangered species,"</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met</p>

"controversial sources," "high conservation value," "high carbon area," "peatlands," etc. that are consistent with this document and the forest sourcing policy template.**

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

Description of the finding:

The Company's policies and procedures include the definitions of ancient & endangered forests, intact forests, and controversial sources as the CanopyStyle framework.

4.2 All areas meeting the definition of "Ancient and Endangered Forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group.**

Conformance with Indicator:

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

Description of the finding:

The company's internal risk assessments to all suppliers have included identifying Ancient and Endangered Forests as well as controversial sources requirements.

All 4 suppliers disclosed the sourcing supply chain to a country/regional level. Detailed findings please refer to indicator 2.3.

According to the company:

Supplier	Company Risk Assessment
Sappi Papier Holding GmbH (Saiccor)	Grade A Prioritized to be purchased
INTERNATIONAL PAPER COMPANY	Grade B Gradually to be phased out
Celulosa Arauco y Constitución S.A	Grade A Prioritized to be purchased
LD Cell	Grade A Prioritized to be purchased

According to the Canopy Dissolving Pulp Classification Tool on evaluation of whether sourcing from A&E forests, **Sappi Saiccor** is graded as **No Ancient and Endangered Forest sourcing issues Identified based on current information and/or CanopyStyle Audit**. In regard of whether sourcing from other controversial sources, the pulp supplied to the company is both FSC Mix 70% and non-certified. FSC certification could

	<p>partially cover the requirements on not sourcing from other controversial sources. As of non-certified part, no guarantee could be provided that the wood chips are not from other controversial sources.</p> <p>For International Paper (IP), according to the Canopy Dissolving Pulp Classification Tool on evaluation of whether sourcing from A&E forests, IP is graded as In proximity to habitat of species at risk. In regard of whether sourcing from other controversial sources, the pulp supplied to the company is non-certified from IP, therefore there is no guarantee that the wood chips are not from other controversial sources.</p> <p>For Arauco, according to the Canopy Dissolving Pulp Classification Tool on evaluation of whether sourcing from A&E forests, Arauco is graded as No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit. In regard of whether sourcing from other controversial sources, Arauco supplied FSC Mix Credit certified, FSC Controlled Wood claimed as well as Non-certified pulp to the company. Both FSC Mix Credit and FSC Controlled Wood claimed material could partially cover the requirements on not sourcing from other controversial sources, whereas for non-certified part, there is no guarantee that the wood chips are not from other controversial sources.</p> <p>For LD Cell, according to the Canopy Dissolving Pulp Classification Tool on evaluation of whether sourcing from A&E forests, LD Cell is graded as No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit. In regard of whether sourcing from other controversial sources, LD Cell supplied FSC 100% certified, and non-certified pulp to the company. FSC 100% certified material could partially cover the requirements on not sourcing from other controversial sources, whereas for non-certified part, there is no guarantee that the wood chips are not from other controversial sources.</p> <p>The company has shared the assessment information to auditors during this audit and shared to Canopy and leader group also.</p> <p>The grading is considered as Commitment in progress, given that not all suppliers could be graded as low risk in not sourcing from Ancient and Endangered Forests as well as not sourcing from other controversial sources.</p> <p>Note: For Sappi, Arauco and LD Cell, the company declared the pulp purchased are either FSC certified or FSC CW claimed, however, by sample checking the purchasing data, it's found that there are documents traded without carrying proper FSC info.</p>
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	<p>i.e. when procurement happened directly between pulp mills and the company, certificate info was correctly shown on the relevant documents. While, when procurement happened between the pulp mill and the company via a trader, the trader was not certified, as a result, the invoice issued from the trader did NOT carry any certificate info and could NOT be accepted as the product received by the company was certified or carrying a FSC CW claim.</p>
<p>4.3 Any raw materials in the MMCF producer's supply chain originating from Ancient and Endangered Forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: No such materials have been identified by the company during the audit conducted.</p>
<p>4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The interviews to the management confirmed they were aware all relevant laws and regulations. Auditor reviewed the legally required documents in China, such as business licence, environment impact assessment, fire prevention, etc. There is no news and info disclosed that the organize is non-compliance with national and international laws. The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including: <ul style="list-style-type: none"> • FSC CoC Chain of Custody • ISO9001:2015 • ISO45001:2015 • ISO45001:2018 </p>
<p>4.5 The commitment not to source from Ancient and Endangered Forests and other controversial sources is verified.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	<p>The Company has conducted internal risk assessment on their supply chains to understand the risk of sourcing from Ancient and Endangered Forests and other controversial sources.</p> <p>However, not all suppliers can be verified as low risk. Note findings from 4.1-4.4 above.</p>
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Summary:

The MMCF producer has adopted clear definitions for the terms included in their Policy. All 4 pulp suppliers only disclosed the sourcing supply chains up to country of origin level.

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.

The company has conducted their annual risk assessment on their supply chains to understand the risk of sourcing from Ancient and Endangered Forests and other controversial sources. However, not all suppliers can be verified as low risk in terms of not sourcing from other controversial sources.

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

Indicators	Findings
<p>5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Company's dissolving pulp supplier list was provided and shared. All dissolving pulp mills are known. However, forest(s) of origin info is not known.</p> <p>Detailed assessment please refer to findings on indicator 2.3 & 4.2.</p>
<p>5.2 The MMCF producer has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found.**</p> <p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Standard Operating Procedure (Q/CanopyStyle zflx-06-2024) was developed by the company to implement the policy related to conserve Ancient and Endangered Forests and avoid controversial sources.</p> <p>According to the SOP, the company should communicate relevant requirements and the sourcing policy to supplier candidates, and the procurement should only occur among</p>

	<p>qualified suppliers. Preference is given to certified suppliers. For any non-certified supply, supplier needs to provide additional evidence to prove no sourcing from Ancient and Endangered Forests such as due diligence report.</p> <p>For non-compliance supplies, the company will ask suppliers to create corrective actions. The company will cease or reduce the procurement before corrective actions are proven as efficient and effective.</p>
5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>During the period of audit, no non-conformance has been found by the company.</p>
<p>Summary:</p> <p>The Company's dissolving pulp supplier list was provided and shared. All dissolving pulp mills are known. However, forest(s) of origin info is not known.</p> <p>Standard Operating Procedure (Q/CanopyStyle zflx-06-2024) was developed by the company to implement the policy related to conserve Ancient and Endangered Forests and avoid controversial sources. According to the SOP, the company should communicate relevant requirements and the sourcing policy to supplier candidates, and the procurement should only occur among qualified suppliers. Preference is given to certified suppliers. For any non-certified supply, supplier needs to provide additional evidence to prove no sourcing from Ancient and Endangered Forests such as due diligence report.</p> <p>For non-compliance supplies, the company will ask suppliers to create corrective actions. The company will cease or reduce the procurement before corrective actions are proven as efficient and effective.</p> <p>During the period of audit, no non-conformance has been found by the company.</p>	

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

*If sourcing from Priority Ancient and Endangered Forests, the MMCF producer (and/or supplier) is doing so in a manner consistent with the Advice Notes and actively engaging its supplier(s) to undertake large-scale scientifically based conservation planning and seeking FSC forest management certification for wood sourcing. (if, and when the producer is vertically integrated, they may execute the conservation planning and FSC certification themselves)

Indicators	Findings
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<p>6.1 When requested, Canopy, Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company confirmed leader group and other stakeholders are welcome to join the verification as observers in the future, and any observations could be reported to the auditor freely.</p> <p>This indicator is graded as “Not Applicable” due to the fact that no such practice has happened to date.</p>
<p>6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>This indicator is only required when the company’s sourcing has been verified as key priority areas of Ancient and Endangered Forests.</p>
<p>6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>This indicator is only required when company’s sourcing has been verified as coming from areas where there is record of conflict or human rights violations.</p>
<p>6.4 The MMCF producer requires of its supplier to have developed a management plan that identifies measures to protect areas identified in large scale scientifically based conservation 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 NGOs. **</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	This indicator is only required when company's sourcing has been verified as key priority areas of Ancient and Endangered Forests.
6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>This indicator is only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p>
<p>Summary:</p> <p>The company confirmed leader group and other stakeholders are welcome to join the verification as observers in the future, and any observations could be reported to the auditor freely.</p> <p>Indicator 6.2-6.5 are only required when company's sourcing has been verified as key priority areas of Ancient and Endangered Forests.</p>	

7. The MMCF producer shall require their forest/wood suppliers to recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of mills and their supply chain and affiliated companies in the forestry sector

Note: This audit focuses on only on forest sourcing and wood-based pulp production. We recognize that there are other issues of concern and interest that are beyond the scope of this risk verification audit. Additional actions will be required by brands, retailers and MMCF producers to adequately address and verify health and safety, working conditions, labour practices, equity and discrimination at mill sites.

Indicators	Findings
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 affected by forest operations.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company requires its suppliers in its sourcing policy to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.</p> <p>Based on the company internal risk assessment, certification status, business legality, human rights violations, respect for human rights, GMO concerns, risks of converting natural forests to plantation forests,</p>

	and risks from controversial sources was included as part of the risk assessment.
7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: For the 4 pulp suppliers:</p> <p>Sappi Saiccor: Sappi Saiccor provided their policy, latest sustainability report, sub-suppliers code of conduct, human rights policy, code of ethics, etc introducing their commitments and/or efforts in recognizing and respecting human rights, community rights, First Nations rights and rights of workers. Other than this, Sappi Saiccor provided FSC Mix 70% certified pulp as well as non-certified pulp to the company. FSC Mix 70% certified pulp partially cover the requirements under this indicator. Non-certified pulp cannot ensure any guarantee that the upstream suppliers are implementing this requirement.</p> <p>International Paper: the company sourced non-certified pulp from International Paper, where there is not any guarantee the upstream suppliers are implementing this requirement.</p> <p>LD Cell: LD Cell provided FSC 100% certified pulp and non-certified pulp to the company. FSC 100% certified material fully cover the requirements under this indicator. Non-certified pulp cannot ensure any guarantee that the upstream suppliers are implementing this requirement.</p> <p>Arauco: Arauco provided FSC Mix Certified and FSC Controlled Wood claimed pulp to the company, which partially cover the requirements under this indicator. In addition, non-certified pulp was also provided to the company and Non-certified pulp cannot ensure any guarantee that the upstream suppliers are implementing this requirement.</p> <p>The FSC certification, including the FSC Controlled Wood standard, contains FSC Core ILO requirements and association policy, which can partially cover these requirements. Holding an FSC-COC</p>

	<p>certification alone is insufficient to document conformance with this commitment. Only FSC 100% certification fully meets these requirements. Therefore this indicator is graded as Commitment in Progress.</p>
<p>7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>The Company is FSC certified and also has a public grievance operation procedure to accept and handle complaints.</p> <p>Sappi Salccor is both FSC and PEFC certified and provided FSC Mix 70% certified and non-certified pulp to the company.</p> <p>International Paper (IP) is FSC certified while the pulp supplied to the company is non-certified.</p> <p>Arauco is FSC certified and provided FSC Mix Credit certified, FSC Controlled Wood claimed as well as non-certified pulp.</p> <p>LD Cell is FSC certified and provided both FSC 100% and non-certified pulp.</p> <p>Note: FSC COC certification and FSC Controlled Wood source (including forest managers) require relevant companies to have such a mechanism for their scope. PEFC certificate also requires a complaints mechanism and resolution. For non-certified pulp, there is not any guarantee that the upstream suppliers are implementing this requirement.</p> <p>There is no disclosure on forest(s) level suppliers' information.</p> <p>This indicator is considered as commitment in progress.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p>

	<p>Description of the finding:</p> <p>For the company:</p> <p>The company holds valid FSC Chain of Custody certificate which requires the certificate holders to avoid violation of any ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work. The company also developed and implemented relevant procedures in recognizing and respecting workers' rights for their suppliers, such as on child labour, forced labour, freedom of association, discrimination, etc.</p> <p>Sappi Saiccor: Sappi Saiccor provided their policy, latest sustainability report, sub-suppliers code of conduct, human rights policy, code of ethics, etc introducing their commitments and/or efforts in recognizing and respecting human rights, community rights, First Nations rights and rights of workers. Other than this, Sappi is both FSC and PEFC certified and provided FSC Mix 70% certified and non-certified pulp to the company.</p> <p>International Paper (IP) is FSC certified while the pulp supplied to the company is non-certified.</p> <p>Arauco is FSC certified and provided FSC Mix Credit certified, FSC Controlled Wood claimed as well as non-certified pulp.</p> <p>LD Cell is FSC certified and provided both FSC 100% and non-certified pulp.</p> <p>There is no disclosure on forest(s) level suppliers' information.</p> <p>Note: FSC COC certification and FSC Controlled Wood source (including forest managers) require relevant companies to sign the policy for association is a declaration by the company that they are not involved in directly or indirectly with the activities that can violate workers' rights; for PEFC certificate, it also requires to recognize and respect the rights of the workers.</p> <p>The company also sourced non-certified pulp, where there is not any guarantee the upstream suppliers are implementing this requirement.</p>
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	<p>This indicator is considered as commitment in progress.</p>
<p>7.5 The MMCF producer has developed procedures to ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has developed procedure to require their suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The procedure is contained in the internal control procedure for dissolving pulp sourcing (Q/CanopyStyle zflx-06-2024) .</p> <p>Sappi Saiccor is both FSC and PEFC certified and provided FSC Mix 70% certified and non-certified pulp to the company.</p> <p>International Paper (IP) is FSC certified while the pulp supplied to the company is non-certified.</p> <p>Arauco is FSC certified and provided FSC Mix Credit certified, FSC Controlled Wood claimed as well as non-certified pulp.</p> <p>LD Cell is FSC certified and provided both FSC 100% and non-certified pulp.</p> <p>FSC and PEFC certified pulp could provide a high level of confidence that ILO is upheld via certification requirements and cover the requirements under this indicator.</p> <p>The company also sourced non-certified pulp where there is not any guarantee the upstream suppliers are implementing this requirement.</p> <p>There is no disclosure on forest(s) level suppliers' information.</p> <p>This indicator is considered as commitment in progress.</p>
<p>7.6 Recognition and respect for human rights is demonstrated by the MMCF producer's forest/wood suppliers. There is no evidence of continuing to source from a forest/wood</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p>

supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **

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

Description of the finding:

Recognition and respect for human rights is included in the Company's policy.

This indicator is also a summary requirement of 7.2-7.5 and therefore is graded as Commitment in progress.

Summary:

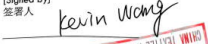


The company requires its suppliers in its sourcing policy to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.

The company holds some valid schemes e.g., FSC Chain of Custody, which requires the certificate holders to avoid violation of any ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work.

Not all suppliers could be identified as low risk under indicator 7.


8. Development of Innovative and Alternative Fibre

Indicators	Findings
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 fibre sources that reduce environmental and social impacts, such as agricultural residues and recycled fibres. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has signed the letter of Support for the Purchase of Next Generation pulp for Paper/Packaging and MMCF Textiles</p> <p>2023.09.01</p> <p>Re: Letter of Support for the Purchase of Next Generation Pulp for Paper/Packaging and MMCF Textiles 支持函 - 采购下一代浆粕意向书 (纸制品/包装和人造纤维纤维纺织品)</p> <p>China Textile Academy Green Fiber Co., Ltd has an interest in purchasing Next Generation products for our sales and business operations that contribute to the conservation and protection of the world's ancient and endangered forests. This is detailed in the policy brochure developed in partnership with Canopy. Next Generation products include Mon Made Cellulosic Fibres (MMCF) textiles made from recycled waste fabrics, microbial cellulose, and left-over residues from agricultural crops and paper and packaging derived from agricultural fibres such as wheat straw, miscanthus grass and other agricultural residues as well as dissolving pulp.</p> <p>中纺院绿色纤维股份有限公司有意愿采购“下一代”产品，用于我们的销售和运营，进而保护原始濒危森林。在本公司与 Canopy 合作开发的采购政策书中对此有详细说明。下一代产品包括回收废旧面料、微生物纤维素或农作物残余物等生产的人造纤维纤维(MMCF)，以及麦秆、芒草、其它农作物残余物或溶解浆所转化的纸/包装材料。</p> <p>Our company directly purchases from our suppliers:</p> <ul style="list-style-type: none"> Dissolving pulp to manufacture lyocell staple fibre <p>本公司直接从供应商采购:</p> <ul style="list-style-type: none"> 溶解浆，以生产黏胶短纤。 <p>China Textile Academy Green Fiber Co., Ltd is interested in purchasing from our current or from new suppliers, up to 10,000 tonnes/year of Next Generation fibre dissolving pulp given the following conditions:</p> <ul style="list-style-type: none"> pilot samples that demonstrate comparable quality and functionality to our current pulp inputs can be provided for us to test prior to making a commitment to purchase a competitive price range over the long term (we are open to discussing shorter term first-to-market price premiums within limits, if it is demonstrated this is necessary until economy of scale production is sufficient to reduce the price point) a preference for the Next Generation pulp to be produced close to our manufacturing and supply regions to limit carbon emissions from shipping to facilitate lower carbon footprints in our operations

	<ul style="list-style-type: none"> the regions that would be most relevant for our pulp sourcing are: <table border="0"> <tr> <td>China:</td><td>Vietnam:</td></tr> <tr> <td>US:</td><td>Indonesia:</td></tr> <tr> <td>India:</td><td>Philippines:</td></tr> <tr> <td>Bangladesh:</td><td>Latin America:</td></tr> <tr> <td>Sri Lanka:</td><td>Canada:</td></tr> <tr> <td>Brazil:</td><td>Scandinavia:</td></tr> <tr> <td>Europe:</td><td>Other (specify) (4003)</td></tr> </table> <p>中纺院绿色纤维股份公司愿意从现有或新晋供应商处采购满足以下条件的下一代溶解浆，年采购量可达 10,000 吨：</p> <ul style="list-style-type: none"> 在我方承诺采购之前，可提供样品供本公司测试；样品的质量和功能与本公司现有的浆粕原料不相上下； 长期来看可提供有竞争力的价格。（如有必要，即只有达到规模生产才足以降低报价，我司愿意与供应商讨论短期内一定范围的新品溢价。） <ul style="list-style-type: none"> 优先选择浆粕产地临近本公司的生产基地和销售地区的下一代浆粕，以减少运输过程中的碳排放，进一步降低公司运营的碳足迹。 本公司可能从以下地区采购浆粕： <table border="0"> <tr> <td>中国：</td><td>越南：</td></tr> <tr> <td>美国：</td><td>印度尼西亚：</td></tr> <tr> <td>印度：</td><td>菲律宾：</td></tr> <tr> <td>孟加拉国：</td><td>拉丁美洲：</td></tr> <tr> <td>斯里兰卡：</td><td>加拿大：</td></tr> <tr> <td>巴西：</td><td>斯堪的纳维亚半岛（北欧）：</td></tr> <tr> <td>欧洲：</td><td>其它（请说明） (4003)</td></tr> </table> <p>China Textile Academy Green Fiber Co., Ltd. supports the efforts of Canopy and its financial partners to develop and scale the production capacity necessary to meet China Textile Academy Green Fiber Co., Ltd. demand for alternative fibre products. Such efforts include establishing fund-based solutions to help direct private capital into Next Generation technology ventures and alternative fibre mill infrastructure. China Textile Academy Green Fiber Co., Ltd. looks forward to working both with Canopy and its financial partners as a thought partner, and with Next Generation producers as an product off-taker, to help further the commercialization of these alternative fibre technologies.</p> <p>中纺院绿色纤维股份公司支持 Canopy 及其金融伙伴的工作，他们支持开发和扩大新一代替代性纤维产品的产量，以满足中纺院绿色纤维股份公司对新产品的需求。他们成立了专项基金，鼓励资本市场直接投资下一代技术企业和新产品的工厂建设。中纺院绿色纤维股份公司期待与 Canopy 及其金融伙伴合作，互通有无；期待与下一代产品生产者合作，率先将新材料带入市场，进一步促进新技术的商业化。</p> <p>This Letter of Support does not create or constitute any legally binding or enforceable obligations or liabilities between the parties, and may be subject in the future to further amendment or modification. This does, however, represent an accurate expression of our interest in developing our supply chain and our business operations towards circular production and low environmental impact.</p> <p>本支持函不产生或构成相关方之间任何具有法律约束力或可强制执行的义务或责任。今后，本函可能进行修订或修改。但是，本函准确描述了本公司的意愿，即我们的供应链和商业运营将向循环生产和低环境影响转型。</p> <p>(Signed by)  签署人 Kevin Wang</p> <p></p> <p></p> <p>The company has purchased recycled cotton pulp from Renewcell. On 8th Aug 2023 and 9th Aug 2023, the company trialled using a mix of dissolving pulp with recycled cotton pulp to produce lyocell fibre (on Aug 8th, 90%-95% dissolving pulp, 5%-10% recycled pulp; on Aug 9th, 70 % dissolving pulp, 30% recycled pulp).</p>	China:	Vietnam:	US:	Indonesia:	India:	Philippines:	Bangladesh:	Latin America:	Sri Lanka:	Canada:	Brazil:	Scandinavia:	Europe:	Other (specify) (4003)	中国：	越南：	美国：	印度尼西亚：	印度：	菲律宾：	孟加拉国：	拉丁美洲：	斯里兰卡：	加拿大：	巴西：	斯堪的纳维亚半岛（北欧）：	欧洲：	其它（请说明） (4003)
China:	Vietnam:																												
US:	Indonesia:																												
India:	Philippines:																												
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巴西：	斯堪的纳维亚半岛（北欧）：																												
欧洲：	其它（请说明） (4003)																												
<p>8.2 The research and development phase for the production of pulp and cellulosic fibre made from alternative fibre sources has been successfully completed and the MMCF producer is entering a commercial scale phase.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>In total there were 200 tons of lyocell fibre product manufactured using the mixing of recycled pulp from the 2 trials. However, the trials detected that there are too many impurities in the fibres produced from using the recycled cotton pulp, which are not suitable for use. The company has those products put on the market for sale, but they were not sold out and the company also ceased production during this reporting period.</p> <p>Summary:</p>																												

The company has trialled using a mix of dissolving pulp as well as recycled cotton pulp to manufacture lyocell fibre product. However, the trials detected that there are too many impurities in the fibres produced from using the recycled cotton pulp, which are not suitable for use. and the company also ceased production during this reporting period.

9. Voluntary Advocacy for conservation solutions	
Indicators	Findings
9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim to protect remaining Ancient and Endangered Forests.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company is very willing to participate in events that support collaborative and visionary system solutions which aim to protect remaining Ancient and Endangered Forests.</p> <p>The company had participated in the event jointly organized by the CV league and Canopy in Shandong Province, China on Next Generation Fibre. The company also joined the webinar held by Canopy on Next Generation Fibre.</p>
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.**	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>During this audit, no solid evidence was provided for this indicator. In addition, the company is not prompted during this audit period.</p>
9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has signed the World's MMCF Producers Call on the Convention of Biological Diversity to support conserving at least 30% of the world's forests by 2030.</p>

	<p style="text-align: right;">Xinxiang, China, 2024/8/7 中国新乡，2024/8/7</p> <p>To Heads of State and Government, 致各国政府领导：</p> <p>As time draws near for world leaders to gather in Colombia for COP 16 of the Convention on Biological Diversity, our planet and nature depend on the collective actions of public and private sectors, as well as civil society, to deliver the mission of the Global Biodiversity Framework. It is urgent to secure and implement meaningful policies and decisive changes in corporate practices, that will strengthen the relationship we have with nature.</p> <p>世界各国领袖即将齐聚哥伦比亚，召开《生物多样性公约》第16次缔约方大会，我们的地球与自然依赖公私部门和民间社会齐聚力量，兑现《全球生物多样性框架》的愿景。我们亟需保障并执行有意义的政策，推动企业实践发生实质性的改变，加强我们与自然的关系。</p> <p>Our companies collectively represent 75% of the world's viscose production, a material that commonly utilises wood-based fibre as a feedstock. As part of the textile industry, we recognize that the protection of Ancient and Endangered forests is essential to mitigate climate change, maintain biodiversity, and sustain indigenous Peoples and local communities. More than 300 million trees are logged every year and turned into cellulosic fabric used in the fashion industry and we recognise that our sector has the opportunity and responsibility to transform our supply chains to reduce the use of raw wood materials and instead utilise lower-impact alternatives. In doing so, we can help protect the world's most important and at-risk forests. We are working with the non-profit Canopy and the CanopyStyle initiative, to accomplish this.</p> <p>我们企业集体的粘胶产量占全球产量的75%，而粘胶生产通常使用木基纤维作为原材料。作为纺织产业的一部分，我们认识到保护原始濒危森林至关重要，有助于减缓气候变化，保护生物多样性，维护原住民和当地社区。每年超过3亿棵树被砍伐，制成纤维和纤维，进入时尚业；我们深知本行业面对供应链转型的重要机会和责任，进一步减少原生木材的用量，转而利用低环境影响的替代材料，以此才能保护全球最重要、最濒危的森林。我们正与非营利性组织Canopy和CanopyStyle倡议合作，实现此转型目标。</p> <p>We agree with a key message included in a statement developed by Business for Nature (BFN), which said: "voluntary action alone won't be enough. We need governments' immediate leadership to strengthen – not weaken – the policies, incentives and legislation that will drive the necessary business action to halt and reverse nature loss by 2030. An enabling environment coupled with regulatory certainty will foster innovation, transform business models, mobilise investment and ensure companies are held accountable for their actions and performance"¹</p> <p>我们认同 Business for Nature（商业自然联盟）提出的重要信息，“单靠主动的努力是不够的，我们需要政府立刻领导起来，加强而非弱化政策、激励措施和立法，推动必要的商业行为，在2030年前停止和扭转自然损失。只有赋能的环境和确定的监管政策才能促进创新、改变商业模式、盘活投资，确保企业为他们的行为和环境影响负责。”¹</p> <p>We also support the BFN recommendations and urge you to adopt and enforce nature policies and regulations that:</p> <p>我们支持 BFN（商业自然联盟）的建议，鼓励各国采纳并执行符合以下特点的自然政策和规定：</p> <ol style="list-style-type: none"> 1. Make sure business and financial actors protect nature and restore degraded ecosystems 确保商业和金融实体保护自然、修复退化的生态系统 2. Ensure sustainable resource use and management to reduce negative environmental impacts 确保可持续的资源利用和管理，减少负面的环境影响 3. Value and embed nature in decision-making and disclosure 在决策和披露过程中重视并纳入自然因素的考量 4. Align all financial flows to transition to a nature-positive, net zero, and equitable economy 将所有经济资源都导向自然利好、净零排放、平等的经济转型 5. Adopt or strengthen ambitious global agreements to address key nature-loss challenges 制定或加强进取的全球协定，应对重大的自然损失挑战 <p>In addition, as a business sector whose supply chain utilises materials derived from forests, we ask that governments give the highest priority to ensuring the protection of the world's Ancient Forests, along with other critically important and endangered ecosystems and direct investments to the scale-up of low-carbon, Next Generation alternatives.</p> <p>作为需要利用森林材料的供应链实体，我们呼吁各国政府首要重视全球原始森林的保护，以及其它重要濒危生态系统的保护，并鼓励对扩大低碳、下一代替代材料的应用的直接投资。</p> <p>We sign this statement in the spirit of collaboration and action to support the Global Biodiversity Framework's implementation and the ambitious goal of 30x30² agreed at COP15, to work to reverse biodiversity loss and ensure a healthier planet by 2030.</p> <p>我们本着协同并进的精神签署此声明，意在支持《全球生物多样性框架》的执行以及第15届生物多样性公约缔约方大会通过的30x30²保护目标，希冀在2030年之前扭转生物多样性损失，保障健康的地球生态。</p> <p>KEVIN WANG MARKETING DIRECTOR CHINA TEXTILE ACADEMY GREEN FIBRE CO., LTD</p> <div style="text-align: right;">  </div> <p>² The 30x30 target is a goal set by the United Nations Biodiversity Conference (COP15) in 2022 to protect 30% of ecologically representative terrestrial lands and 30% of ecologically representative waters, both marine and fresh, by 2030 with the specific intent of protecting global biodiversity 30x30 目标是联合国生物多样性公约缔约方大会在2022年通过的 项目目标。即在2030年之前保护全球30%生态代表性的陆地面积和30%生态代表性的水域面积（包括海洋和淡水湖泊），旨在保护全球生物多样性。 https://canopyplanet.org/</p>
<p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.* *</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p>

	Description of the finding: This is not applicable for an MMCF producer who does not also manage forests.
Summary: The company has actively participated in meetings and events. While the organization has asked all suppliers to commit to FPIC of indigenous people and local communities, the company has not yet been prompted to take specific actions.	

10. Responsible forest management	
Indicators	Findings
10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake.**	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>The FSC certified pulp the company purchased accounts for the total purchase volume is 8.66% (FSC Mix 70%, FSC Mix Credit and FSC 100%) during this reporting period.</p> <p>In 2022, the total volume of dissolving pulp purchased was 55339.764 tons, no FSC certified pulp purchased. In 2023, total volume of pulp purchased was 91902.782 tons, among which 6400 tons were FSC certified (6.96%). In 2024, total volume of pulp purchased was 67541.3431 tons, among which 7300 tons were FSC certified (10.81%).</p> <p>During the audit, the auditor sampled and checked the procurement contracts and invoices/transportation documents for FSC certified pulp from Sappi Saiccor, Arauco and LD Cell.</p> <p>In the sourcing policy, it is stated the organization will source fibre with the preference for FSC certification.</p> <p>The company also provided an action plan to increase FSC intake with a goal to increase by 10% on an annual base.</p>

	<p style="text-align: center;">FSC 浆粕采购声明</p> <p>中纺院绿纤纤维股份公司致力于保护原始濒危森林，在溶解浆粕的供应商选择上，优先选择可以提供 FSC 认证浆粕的供应商，而非 PEFC 认证的浆粕供应商。并且 FSC 认证的浆粕的采购比例逐年增长 10%。</p> <p style="text-align: right;">中纺院绿纤纤维股份公司 2024.03.01</p> <p style="text-align: center;">FSC-Certificated Pulp Sourcing Statement</p> <p>China Textile Academy Green Fibre Co., Ltd. promotes its commitment to the conservation of Ancient and Endangered Forests. We prefer to choose the dissolving pulp suppliers that can provide FSC certified pulp rather than the PEFC. And, the purchasing proportion of FSC-certificated pulp will increase 10% year by year.</p> <p style="text-align: right;">China Textile Academy Green Fibre Co., Ltd. 2024.03.01</p>
<p>Summary: The FSC certified pulp the company purchased accounts for the total purchase volume is 8.66% (FSC Mix 70%, FSC Mix Credit and FSC 100%) during this reporting period.</p> <p>During the audit, the auditor sampled and checked the procurement contracts and invoices/transportation documents for FSC certified pulp from Sappi Saiccor, Arauco and LD Cell.</p> <p>In the sourcing policy, it is stated the organization will source fibre with the preference for FSC certification.</p> <p>The company also provided an action plan to increase FSC intake with a goal to increase by 10% on an annual base.</p>	

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

Indicators	Findings
<p>11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The supplier GHG emission evaluation procedure is developed and included in the company's internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024) to evaluate suppliers' performance in reducing GHG. Basically, the company is using questionnaire survey to evaluate their suppliers' performance in reducing GHG.</p>
<p>11.2 MMCF producer has procedures to know whether their suppliers are sourcing from</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

<p>tropical peatlands and/or intact forest landscapes.</p>	<div data-bbox="813 212 1339 367"> <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </div> <div data-bbox="813 394 1339 1440"> <p>Description of the finding:</p> <p>The procedure to assess whether their suppliers are sourcing from tropical peatlands and/or IFLs is also developed and included in the company's internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024) to evaluate suppliers' performance in reducing GHG. The company is also using questionnaire survey to evaluate on this indicator.</p> <p>Although there are FSC certified material supplied to the company, FSC certified material could be sourced from peatlands and IFLs. In addition, there is non-certified dissolving pulp supplied as well, where the commitment of not sourcing from tropical peatlands and/or IFLs cannot be guaranteed.</p> <p>Note: FSC FM and CW/FM certifications do not prohibit harvesting in IFLs or from natural forest or plantations established on peatland. IFLs are classified as HCV under FSC and require protection but harvesting is allowed on percentage of area outside defined core areas. Peatland may be classified as HCV in certain contexts and conformance with Principle 9 is required. It can be also the case with FSC COC CW (DDS) to source from Peatlands and IFLs if the country does not prohibit this by legislation. Therefore, the final conclusion is that FSC 100% and FSC CW could be sourced from Peatlands and IFLs if it is not prohibited by the national legislation.</p> </div>
<p>11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **</p>	<div data-bbox="813 1440 1339 1669"> <p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </div> <div data-bbox="813 1696 1339 1873"> <p>Description of the finding:</p> <p>Based on the company's sourcing policy, it does not source material originating from intact forest landscapes or on drained tropical peatlands.</p> </div>

	<p>The procedure to assess whether their suppliers are sourcing from tropical peatlands and/or IFLs is also developed and included in the company's internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024) to evaluate suppliers' performance in reducing GHG. The company is also using questionnaire survey to evaluate on this indicator.</p> <p>There is FSC certified material supplied to the Company, in addition, the company is planning to increase the intake of FSC certified pulp.</p> <p>FSC can help reduce the risk/probability of material from intact forest landscapes or on drained tropical peatlands, although there is still possibility that certified material still could be sourced from peatlands and IFLs as FSC gives exemptions (for example, when they are not classified as HCV; the converted area is very limited).</p>
<p>Summary:</p> <p>The company has procedures to evaluate their suppliers' performance in reducing GHG. The company also has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</p> <p>Based on the company's sourcing policy, it does not source material originating from intact forest landscapes or on drained tropical peatlands.</p> <p>Although there are FSC certified material supplied to the company, FSC certified material could be sourced from peatlands and IFLs. In addition, there is non-certified dissolving pulp supplied as well, where the commitment of not sourcing from tropical peatlands and/or IFLs cannot be guaranteed.</p>	

12. Pollution Prevention	
Indicators	Findings
<p>12.1 *This verification process <u>will not</u> verify at first hand the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality.</p> <p>Canopy expects MMCF producers to invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process), and to implement the ZDHC new viscose guidelines available at https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The CanopyStyle audit will not report on this indicator.</p> <p>Other tools such as the Hot Button report will address chemical management starting in 2020.</p>

Summary:

The CanopyStyle audit will not report on this indicator.

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

** Indicates Critical Indicators

Appendix B: standard checklist (CanopyStyle Verification Framework – MMCF (Man-made Cellulosic Fibre) Mill Checklist)

1. Evaluation of Site: China Textile Academy Green Fibre Co.,Ltd

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Yu Shunping, Vice General Manager; Responsible personnel for the plant.
Auditor(s):	Zhou Peiying
People Interviewed, Titles:	Mr. Wang Kuo, Sales Department Mr. Tian Yuchen, Branding Department Mr. Yu Shunping, Vice General Manager; Responsible personnel for the plant. Ms. Zhao Xiaomeng, Purchasing Department Mr. Zhu Xianghua, Warehouse
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 3.3 above for Description of Overall Audit Process.</i>
Comments:	This mill is responsible for lyocell fibre production and storage of material and products.


2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the Fibre Sourcing/Forest Policy	
Indicators	Findings
1.1 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.**	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: The Company published Fibre Procurement Policy for Protecting Forests to promote sustainable forest management and conserve Ancient and Endangered Forests (effective on 7th July 2021), the policy is publicly available on its website: http://www.zflxgf.com/Investor_detail/Fibre_Procurement_Policy_for_Protecting_Forests.html </p>

	<p>The company organized several trainings in 2024, namely:</p> <ul style="list-style-type: none"> • 30-Jan-2024 training on next generation fibre planning. • 22-May-2024 training on A&E forests conservation. 9-Jun-2024 training on supply chain risk assessment. <p>Departments involved are Production department, Sales department, Purchasing department, Branding department, etc.</p> <p>Training records were provided to the auditor during the audit.</p> <p>However, interviews with Mr. Yu Shunping, the plant manager was not very satisfactory in terms of understanding on the policy as well as their responsibilities.</p>
<p>1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company shared the internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024) for the implementation of Pulp Procurement Policy with the mill that ensures the wood sourcing policy is implemented.</p>
<p>Summary:</p> <p>The sourcing policy is published on the company's website. The company has organized several training sessions on the policy and Canopy requirements before the audit. Training records were provided for auditor review. Attendance sheets were presented and reviewed, indicating the key staff participated the training.</p> <p>The company shared the internal control procedure for dissolving pulp sourcing (file code: Q/CanopyStyle zflx-06-2024) for the implementation of Pulp Procurement Policy with the mill that ensures the wood sourcing policy is implemented.</p> <p>However, interviews with Mr. Yu Shunping, the plant manager was not very satisfactory in terms of understanding on the policy as well as their responsibilities.</p>	

Indicators	Findings
<p>2.1 The production site/mill maintains all <u>purchase and sales</u> documentation related to the wood fibre <u>inputs</u>.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p>

	<input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Purchasing Department under the corporate office is responsible for material sourcing. The purchase documents of dissolving pulp are maintained at the Purchasing Department.
2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fibre <u>inputs</u> .	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: The mill does not involve in sourcing wood pulp sourcing. Wood fibre inputs related transport documents are documented at the Purchasing Department which belong to the corporate office (HQ).
2.3 All wood fibre input going into the mill is consistent with and identified within the MMCF supply chain assessment provided during the desktop audit.	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: 4 dissolving pulp suppliers were declared from the company: <ul style="list-style-type: none"> - Sappi Saiccor - Arauco - International Paper - LD Cell During the on-site check, all the above 4 pulps were identified and stored in the warehouse. However, there were also other branded pulp detected in the warehouse: <ul style="list-style-type: none"> - Rayonier - PT Tanjungenim Lestari - Unnamed pulp wrapped up with adhesive tape bearing the Longcell's logo (Company confirmed this is actually Rayonier pulp as well. The company bought the pulp from Rayonier, but then it's found this pulp didn't fit for production, then the

	<p>company sent some to Zhejiang Longcell to their testing. Longcell again, returned the pulp to the company, thus the pulp wrapped up with Longcell's logo).</p> <p>For Rayonier during the audit, 158.729 tons left in stock.</p> <p>For PT Tanjungenim Lestari, the company is not able to provide the volume info. According to the company, the trader/broker sent some to the company for testing. The testing result didn't look bright, therefore, it's not been used since.</p> <p>For both Rayonier and PT Tanjungenim Lestari, the company is not able to provide the purchasing contracts.</p> <p>The company provided a statement confirming that all those mentioned additional pulps found in the warehouse were pulp samples provided by the suppliers. The company often receives pulp from different brands for trials. If the samples meet the production requirements, further procurement will be made; If the quality or price is not met, the remaining samples will be isolated and stored separately. The company will not continue to expand its procurement of these pulp materials, nor will they be used for formal production. If there is a production usage plan in the future, we will first report and communicate with the Canopy team before proceeding with the subsequent procurement plan.</p> <div data-bbox="860 1239 1315 1785"> <p style="text-align: center;">其他浆粕存放说明</p> <p>现场的其他浆粕如瑞安浆、PTTANJUNGENIM LESTARI 浆是供应商提供的试样浆粕。工厂会经常接收不同品牌的浆粕进行生产小试样, 如果新的浆粕能满足生产要求, 会进一步采购; 如果质量或者价格不满足, 剩下的一些样品会单独隔离存放。</p> <p>中纺绿针对这些浆粕将不会继续扩大采购, 也不会用于正式的生产。如后续有生产的使用计划, 会先和 CANOPY 团队报备沟通后, 才进行后续的采购计划。</p> <p style="text-align: right;">中纺院绿色纤维股份公司 2025.05.13</p>  </div>
<p>2.4 When sourcing from certified or verified land origin, the supplier code and claim for the</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

<p>applicable third-party verification is included on sales and delivery documentation.</p>	<div> <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </div> <p>Description of the finding: During this audit, auditor sampled 3 sets of purchase documentations from each supplier for verification. For Sappl, Arauco and LD Cell, the company declared the pulp purchased are either FSC certified or FSC CW claimed, however, by sample checking the purchasing data, it's found that there are documents traded without carrying proper FSC info. i.e. when procurement happened directly between pulp mills and the company, certificate info was correctly shown on the relevant documents. While, when procurement happened between the pulp mill and the company via a trader, the trader was not certified, as a result, the invoice issued from the trader did NOT carry any certificate info and could NOT be accepted as the product received by the company was certified or carrying a FSC CW claim.</p>
<p>2.5 The production site maintains and can verify a summary of annual purchases (or inputs).</p>	<p>Conformance with Indicator:</p> <div> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </div> <p>Description of the finding: The mill has no sourcing activity of wood pulp. The corporate office's purchasing department maintain the records of annual purchase and sales. During the on-site check, auditor sample cross checked the input and output records at the warehouse.</p>
<p>2.6 All MMCF producers provide <u>outgoing</u> transportation documents and certification status if relevant. Supplementary information should include the forest/plantation of origin when known.</p>	<p>Conformance with Indicator:</p> <div> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </div> <p>Description of the finding: During the audit, 6 samples of trade and transport documents for outgoing products were provided to the auditor. The lyocell fibre sold from the company is not certified.</p>

Summary:

The company's corporate office is responsible for material sourcing. The purchase documents of dissolving pulp are maintained at the Purchasing Department which belong to the corporate office (HQ).

During on-site visit, additional branded pulp detected in the warehouse:

- Rayonier
- PT Tanjungenim Lestani
- Rayonier pulp wrapped up with adhesive tape bearing the Longcell's logo

The company provided a statement confirming that all those mentioned additional pulps found in the warehouse were pulp samples provided by the suppliers. The company often receives pulp from different brands for trials.

During audit, auditor sampled 3 sets of purchase documentations from each supplier for verification. For **Sapli, Arauco and LD Cell**, the company declared the pulp purchased are either FSC certified or FSC CW claimed, however, by sample checking the purchasing data, it's found that there are documents traded without carrying proper FSC info. i.e. when procurement happened directly between pulp mills and the company, certificate info was correctly shown on the relevant documents. While, when procurement happened between the pulp mill and the company via a trader, the trader was not certified, as a result, the invoice issued from the trader did NOT carry any certificate info and could NOT be accepted as the product received by the company was certified or carrying a FSC CW claim.

3. No conversion of natural forest to plantations.

Indicators	Findings
3.1 The initial date of the plantation development has been documented and sourcing only occurs in plantations established before 1994**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.</p>

Summary: The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.

4. Since the signature of the Policy, all sourcing from Ancient and Endangered Forests or other controversial sources have been eliminated.

Indicators	Findings
4.1 The production site/mill is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p>

	<input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The interviews to the management confirmed they were aware of all relevant laws and regulations. Auditor reviewed the legally required documents in China, such as business licence, environment impact assessment, fire prevention, etc.</p> <p>There is no news and info disclosed that the organization is non-compliant with national and international laws.</p>
4.2 Production site/mill understands the definitions of Ancient and Endangered Forests and controversial sources. They also comply with the commitment to not receive wood from Priority Ancient and Endangered Forests, as outlined in the Advice Note and from controversial sources.	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The mill has no sourcing activity of wood pulp.</p> <p>Interviews with relevant responsible personnel from departments such as Warehouse, Production, Branding were not satisfactory in terms understanding on the policy as well as their responsibilities.</p> <p>Corporate office has conducted the risk assessment on their supply chains to understand the risk of sourcing from Ancient and Endangered Forests and other controversial sources. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>
4.3 Production mills have conducted assessment of presence of Ancient and Endangered Forests, as outlined in the Advice Note and other controversial sources in their wood supply areas.	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The assessment was conducted by corporate office. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>

<p>4.4 The sourcing from regions that contain Ancient and Endangered Forests, as <i>outlined in the Advice Note</i> and other controversial sources, is verified to be low risk by this CanopyStyle audit.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The assessment was conducted by corporate office. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>
<p>Summary:</p> <p>The assessment was conducted by the corporate office.</p> <p>The interview with the management proves they were aware all relevant laws and regulations. There is no news and info disclosed that the company is non-compliant with national and international laws. Interviews with relevant responsible personnel from departments such as Warehouse, Production, Branding were not satisfactory in terms understanding on the policy as well as their responsibilities.</p> <p>Supplier assessment and material sourcing risk were evaluated by the corporate office.</p>	

5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	
Indicators	Findings
<p>5.1 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to their CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Supplier performance monitoring program was conducted by the corporate office and shared with the mill.</p>
<p>Summary:</p> <p>Supplier performance monitoring program was conducted by the corporate office and shared with the mill.</p>	

Appendix C : RECOMMENDATIONS FOR IMPROVEMENT

Canopy applauds China Textile Academy for embarking on its second CanopyStyle audit. The report concludes that the company is at no known risk of sourcing from Ancient and Endangered Forests, has increased its uptake of FSC certified fibre, and has conducted pilot runs for MMCFs containing Next Generation fibres. Canopy recognises the challenge in finding appropriate feedstock required for production of lyocell.

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

1. Ensure that all relevant responsible personnel from departments are aware and clear of the policy and know how to implement it.
2. Ensure that contracts with current and future suppliers include requirement to implement the CanopyStyle policy.
3. Work with suppliers to get information on the forest of origin for all pulp purchased. In line with this, ensure that all certified products are accompanied by claims (especially in cases where purchase are made via third party trader or intermediary)
4. Continue to increase intake of FSC certified inputs and ensure that these purchases are supported with relevant documentation.

We recommend that the company develop an action plan to address these priority issues, so that they can be addressed before the next audit. As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will be essential to ensure that China Textile Academy continues to implement their policy and meets the expectations of the CanopyStyle Initiative.

Once again, we comment China Textile Academy on the pro-active work related to suppliers with risk and development of risk due diligence tools and congratulate you for the timely completion of the second audit and for achieving low risk in your supply chain. We look forward to working collaboratively with China Textile Academy to address any outstanding issues.