



CanopyStyle Audit Report for Soalon Corporation

Assessment: 2025

Evaluation date: 23rd -24th July 2025

Report date: 17th September 2025

Organisation Contact

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INTRODUCTION

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

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

The purpose of this report is to document performance of *Soalon Corporation* (hereinafter 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

Mitsubishi Chemical Corporation is a Japan-based company that was established in April 2017 with a merger of three companies: namely former Mitsubishi Chemical; Mitsubishi Plastics; and Mitsubishi Rayon.

In March 2025, Mitsubishi Chemical Corporation sold its business related to MMCF production to another company - GSI Creos. GSI Creos established Soalon Corporation (100% shareholder).

1.2 Company scope (sites, locations, etc)

Soalon Corporation's MMCF mill is located on the coast of the Sea of Japan, in Toyama prefecture of central Japan, their main and only production site, Toyama Plant. It has the filament and filter two sections. The Toyama plant has a FSC CoC certificate SA-COC-005931.

The Company sources cellulose triacetate as its material for their product, Triacetate Filament "Soalon®". The cellulose triacetate is supplied by a domestic supplier Daicel Corporation with a FSC CoC certificate SA-COC-005932. Daicel imports dissolving pulp from a US supplier Rayonier Advanced Materials and then chemically process the dissolving pulp with acetic acid into cellulose triacetate.

Apart from cellulose triacetate, the company uses organic solvent to produce the product.

1.3 Company sourcing policy

Soalon Corporation has established a "Raw Material Procurement Policy for Forest Protection of triacetate fiber" since 30th March 2020. It was updated in March 2025 based on the latest template from Canopy, including the definitions. It was endorsed by the management and published on this webpage: <https://soalon.com/en/sustainability-en/>

According to this policy, the Company is committed to making responsible use of wood-derived raw materials for the production in accordance with the following five policies.

- Conservation of Ancient & Endangered Forests and ecosystems
- Recognizing, respecting and upholding human rights and the rights of local communities
- Reduction of Greenhouse Gas Emissions
- Innovative and Alternative Fiber Development
- Transparency, Traceability and Verification
- Pollution prevention
- Leadership in the industry

Decisions for the Company's material inputs, namely cellulose triacetate, for the filament production facility are made centrally at the Fiber and Textile Department of its Technology Group in Osaka, while dissolving pulp purchases

for its primary processing into cellulose acetate are made independently by its sole supplier – Daicel Corporation, its domestic processor/supplier in Japan. In order to lower the risk of pulp sourcing, currently 100% of the Company's raw material – cellulose triacetate used is FSC Controlled Wood source.

2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in supplier CoC form	<input type="checkbox"/> Other suppliers
Majority Fiber Input:	100% cellulose triacetate made from dissolving pulp and acetate.	
Map of Ancient and Endangered Forests Overlay Completed:	<input checked="" type="checkbox"/> Yes The Company has used ForestMapper to analyse the overlap based on the source information at the state level and areas within approximate radius distance from dissolving mill but not confirmed at forest management unit level. As a result, it is not detailed enough to confirm if there is any source area overlapping with A & E forest.	<input type="checkbox"/> No Comments:
Mill Capacity:	5000 tons of triacetate filament "Soalon" yarn /year	
Primary Activity:	Production of Cellulose triacetate filament	
Outsourcing:	<input type="checkbox"/> FSC-certified subcontractors	<input type="checkbox"/> Non-certified subcontractors (reported to FSC with the required MoU)
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
	<input checked="" type="checkbox"/> No outsourcing for production of filament, while the company outsources cloth weaving and dyeing to 2 factories because 95% of the company's products sold to customers are the fabrics while the rest 5% is filament.	
Workforce:	Permanent male: 96	Permanent female: 0
	Contract male: 20	Contract female: 0
	TOTAL: 116	

Sites included in evaluation	Location
Headquarter office	7-31 Otemae 1-chome, Chuo-ku, Osaka-shi, Osaka 540-0008, Japan
Toyama Plant	3 Kaigandori, Toyama, 931-8601, Japan

3. EVALUATION PROCESS

3.1 Audit Team

Auditor name(s)	Qualifications
Gaojun Zhao	<p>Senior Sustainability Specialist, FSC FM/CoC lead auditor, CanopyStyle lead auditor; LegalSource Trainer and auditor;</p> <p>He was majored in forestry and has 15+ years of experience in the fields of sustainable forest management, timber legality verification and sustainability of natural resources.</p> <p>He is supporting provision of Preferred by Nature's timber legality and sustainability services, including consultancy services to clients/partners in the forest-impact commodities.</p> <p>He is engaging with big brands/retailers and their suppliers to help them in implementing sustainability policy and complying with consumer market regulations, and implementing sustainability development-related projects, in a wide range of commodities and land-use sectors, including timber, pulp/paper, rubber, textile, etc.</p>

3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
Toyama Plant	23 rd afternoon to 24 th morning July 2025	7 hours

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

3.3 Description of Overall Audit Process

The audit started in middle of June 2025. 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 on 26th June 2025, such as:

- Updated Sourcing policy (March 2025);
- Canopy sourcing information form;
- FSC certificate;
- FSC input volume summary;
- FSC-COC management organization;
- FSC-COC management manual;
- FSC workflow;
- Material flow;
- Soalon Raw material standard;
- Toyama Plant Raw Material management standard;
- Human right policy;
- Environmental manual;
- Dissolving pulp supplier FMU survey results;
- Forestmapper check;
- Supplier's FSC controlled wood summary report;
- Dissolving pulp supplier's sustainability reports;
- Dissolving pulp supplier's carbon reports;
- Supplier's confirmation letter;
- Acetate flake supply agreement;
- Flake purchase records;
- Order form for supplier Daicel;
- Sample invoice;
- Delivery slip;
- Long term inventory management standards;
- Action plan for increasing FSC Mix Credit material;
- Etc.

The auditor finished the document review on 14th July 2025 and communicated with the Company over the issues and questions occurred during the review process.

On 23rd – 24th July 2025, the auditor conducted the on-site audit at the Toyama plant with the presence of management representative from its headquarters in Osaka. During the opening meeting, the auditor communicated the objective and scope of the audit, agenda, conflict of interest (COI) issues, etc to the company. The plant's representative gave a brief introduction of the company and operation activities and the efforts made on Canopy sourcing policy.

Following the opening meeting, the auditor toured the company's mill including the production line and warehouse. When touring the warehouse, the auditor checked on the mill's input and storage for the pulp in use.

Then, the auditor interviewed the management team regarding action plan and any updates in regard of practices with Canopy policy commitment, operational procedures, training, purchase policy, action plan for increasing FSC update, supplier and raw material management procedure, research of alternative Fibre, etc. The staff in technical department demonstrated how the ForestMapper is applied.

After interview with management, related documents were reviewed and clarified, such as Sourcing Policy, Operational Procedures, Annual Volume Summary Data, Risk Assessment Report, communication with the suppliers, sampled traceability records (purchase order, contracts, invoice, material input instruction, blender machine records, input bookkeeping, product trace overview, production summary, stock-out note,), production. The auditor sampled and evaluated its traceability system. The company started using Textilezone system for order and logistics management, while has been using FIPS system for production for several years.

In combination with reviewing documents and visiting the company's facilities, the auditor interviewed the staff from various departments, including quality assurance department, production department, warehouse, marketing department, etc.

The closing meeting was held at 11:30am of 24th July. The auditor gave a summary of the audit findings, raised issues and acquired for additional further information after the onsite audit. Within 1 week, the Company promptly provided additional documentation.

During the onsite audit, the following personnel from the company participated in this audit:

- Mr. Kohji Yamanaka: general manager, Production Control Department, Administration Division.
- Mr. Chikao Yamazaki: director, executive general manager, Technology Division;
- MR. Ryo Ochi: Director, Executive General manager, Toyama Plant;
- Mr. Syuuichi Omura: Manager, Plant management section, Toyama Plant;
- Mr. Mashiro Kondo: Quality assurance group, Technology management department, Technology Division;
- Mr. Hiroyuki Kouno: manager, Filament Section, Toyama Plant.

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

The Company has established and published a sourcing policy which has been updated to align with Canopy's definition.

The Company developed organisational structure and capacity with assigned personnel with responsibility for policy implementation. The management staff of both corporate and viscose mill are fully aware of the policy.

The Company has updated sourcing information and published supplier list on its website.

The Canopy policy requirement is included in the Raw Material Standard (version B) as a binding document attached to purchase contracts.

The company used the Forest Mapper, advice note on Ancient and Endangered Forests, and the Dissolving Pulp Classification tool for risk assessment on the supplier to verify supplier's compliance with the Canopy policy.

The dissolving pulp purchased is only FSC Controlled Wood which can largely help lower the risk of ancient and endangered forest and other controversial sources.

The company has a robust traceability and segregation system at its facilities.

Areas for Improvement:

There is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure, although it has developed the operating manual for the implementation of FSC COC standard.

Currently the company has not developed and implemented extra criteria to complement their risk assessment, including: legality, human rights, forest conversion (post 1994), etc,

The supplier provided the map of its approximate expected range of wood sourcing, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.

There is no documented evidence to verify and confirm the initial date of the plantation development of wood source.

The Company is FSC COC certified and deals with FSC controlled wood materials only but has not increased intake of certified material (e.g. FSC Mix or even FSC 100% material) for some reasons.

The company has not yet developed a procedure to monitor supplier performance in reducing GHG.

Direct supplier	Sub-supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
Daicel Corporation, Mateiral: Cellulose triacetate	Rayonier Advanced Materials's Jesup GA dissolving pulp Mill in Georgia, USA Mateiral: dissolving pulp	Low Risk	Low risk

4.2 Summary of findings

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

** Indicates Critical Indicators

Key Commitment	Performance Indicators	Rating
1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy **	<i>Commitment Met</i>
	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 in Progress</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 Met</i>
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	<i>Commitment Met</i>
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	<i>Commitment Met</i>
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	<i>Commitment in Progress</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 Met</i>
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	<i>Commitment in Progress</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 in Progress</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>Not Applicable</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	<i>Not Applicable</i>

	documented, identified accordingly and utilised by the mills. **	
	4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **	<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>Commitment Met</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	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>

excute the conservation planning and FSC certification themselves)		
	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 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. **	<i>Not Applicable</i>
	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</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>

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.		
	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 Met</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 Met</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 Met</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 Fiber	8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the	<i>Commitment Not Met</i>

	development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers. **	
	8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	<i>Commitment Not Met</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 Not 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 designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.	<i>Commitment Not Met</i>
	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 in Progress</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 in Progress</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	<p>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.</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>	<i>Not Applicable</i>
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4.3 Volume Summaries⁵

Reporting period: from 1st April 2024 to 31st March 2025

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	3,279 tons	100%
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	0	0
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	0	0
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).	0	0
Non-FSC	Material received with no FSC claim.	0	0
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	0	0

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

1. Evaluation of Daicel Corporation

Primary Responsible Person: (Responsible for control system at site(s))	Kohji Yamanaka General manager, Production Control Department, Administration Division
Auditor(s):	Gaojun Zhao

⁵ The volume summary is provided by the organization.

People Interviewed, Titles:	Mr. Kohji Yamanaka: general manager, Production Control Department, Administration Division. Mr. Chikao Yamzaki: director, executive general manager, Technology Division
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments:	

2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	
Indicators	Findings
1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy.**	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>Soalon Corporation has established a "Raw Material Procurement Policy for Forest Protection of triacetate fiber" required by Canopy. It is made publicly available on this webpage (find this tab "initiative" in the centre of this webpage): https://soalon.com/en/sustainability-en/</p> <p>Also, the evidence of policy being endorsed by the management in 2022 and 2025 was presented.</p>
1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input 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 already developed the operating manual for the implementation of FSC COC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure such as FSC COC management manual.</p>

	<p>The Company said they have been working with supplier Rayonier to develop and implement a traceability system for the raw materials which would be ready in October 2025. After the implementation of this system, the company will update the procedure to cover Canopy requirements.</p>
1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**	<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 General manager at Production Control Department of Administration Division has the overall responsibility for this sourcing policy implementation, with support from colleagues from the factory. They are fully aware of the Canopy policy.</p>
1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The organization structure and training records are available for Canopy policy implementation.</p> <p>Most recently, the relevant staff members were given training on Canopy and FSC on 2nd July 2025</p> <p>The staff understood the key concepts and specific requirements from Canopy. The Production Control Department, of Administration Division demonstrated the evidence gathered from supplier and how the risk assessment was conducted, including map of forest source, risk assessment report, the application of ForestMapper.</p>
1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**	<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>

	<input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The responsible manager Mr. Yamanaka notified Soalon's direct supplier (tier-1), Daicel, of the Canopy sourcing policy via email.</p> <p>The upstream dissolving pulp supplier beyond tier-1 supplier (Daicel) is Rayonier, Rayonier was also notified by Daicel, with its record provided to the auditor as proof of notification and supplier confirmation. Also, the confirmation letter issued by Rayonier about risk assessment was presented.</p>
1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers.**	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The requirement of complying Canopy sourcing policy is included in Soalon's Raw Material Standard which was updated to version B on 8th July 2025 and is a binding document as a part of procurement contract.</p> <p>It has been applied in practical purchasing of material.</p>
1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**	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 Company is FSC certified and implementing a FSC COC management manual, on which the supplier performance monitoring procedure is described.</p> <p>However, the Company has not implemented any monitoring procedures for evaluating supplier's performance, such as traceability upwards to forest site level, legality, human rights, forest conversion (post 1994), etc, although FSC Controlled Wood requirements covers most of these requirements but still has some gaps.</p>
1.8 The MMCF producer has put in place a grievance procedure.	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: <p>The grievance procedure prepared for FSC COC certification is available also for CanopyStyle as written in its sourcing policy.</p> <p>The company has also a grievance procedure for staff and workers. They can report grievance to the management team, labour union or third-party law firm. The contact phone number and email are publicly available on the company's intranet.</p>
1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**	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>Same as the grievance procedure, its action plan is prepared for FSC COC certification, which is available also for CanopyStyle as written in its sourcing policy. The Company has never received any complaint over its FSC COC certification or Canopy-related issues.</p>
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 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: <p>Recently, staff members were given training on Canopy and FSC on 2nd July 2025.</p> <p>The management staff of Toyama plant was interviewed, and they were able to explain the objectives and requirements of Canopy.</p>
1.11 Each production site managers have developed procedures to implement the Policy, when relevant.**	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available

	<p>Description of the finding:</p> <p>Apart from Osaka Office in charge of fiber procurement, the Toyama plant has already developed the operating manual for the implementation of FSC COC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure such as FSC COC management manual.</p> <p>Having FSC certification demonstrates strong due diligence, and is recognized by Canopy, however, there are additional criteria that need to be met, beyond the requirement of FSC certification.</p>
<p>Summary:</p> <p>The Company has established and published a sourcing policy which has been updated to align with Canopy's definition.</p> <p>The Company has already developed the operating manual for the implementation of FSC COC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure.</p> <p>The Company developed organisational structure and capacity with assigned personnel with responsibility for policy implementation. The management staff are fully aware of the policy and demonstrated its good understanding during interview sessions.</p> <p>The Canopy sourcing policy was communicated to the supplier. The requirement of complying Canopy sourcing policy is included in Raw Material Standard as a binding document as a part of procurement contract.</p> <p>The Company has not implemented any monitoring procedures for evaluating supplier's performance, such as traceability upwards to forest site level, legality, human rights, forest conversion (post 1994), etc, although FSC Controlled Wood requirements covers most of these requirements but still has some gaps.</p> <p>The management staff of plant are aware of the objectives and requirements of Canopy.</p>	

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

Indicators	Findings
<p>2.1 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>	<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 submitted sourcing information form before the audit. The main raw material is cellulose triacetate (in the</p>

	<p>form of flake) which is made of dissolving pulp and acetate within a ratio of 1:0.57. The Company has obtained an FSC COC certification. The cellulose triacetate is purchased only from Daicel Corporation and carries "FSC Controlled Wood" claim.</p> <p>In the previous one year, the company's wood fiber material exclusively came from Rayonier Advanced Materials, which obtains FSC CW pulp from the Jesup GA Pulp Mill. The mill uses hardwood sourced from Georgia, USA, to produce its pulp products. Since the pulp is FSC CW, there is no material originating from FSC Certified FMU.</p>
<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>	<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 conducted the risk assessment together with its direct supplier Daicel (cellulose triacetate manufacturer) to upstream dissolving pulp supplier, Rayonier, based on the evidence gathered from supplier, using Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool.</p> <p>Soalon's risk assessment conclusion is negligible risk. Rayonier has obtained and been maintaining certifications such as SFI, FSC and PEFC. Only pulp that meets FSC controlled wood standard as a raw material is accepted by the company.</p> <p>The confirmation letter about the risk assessment was provided by the supplier Rayonier on 28 August 2024.</p> <p>According to the updated Dissolving Pulp Classification tool, the dissolving pulp mill Rayonier Jesup is low risk in ancient and endangered forest.</p>
<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>	<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 identified the supply chain up to the dissolving pulp mill – Rayonier Jesup mill. The supplier provided the map of its</p>

	<p>approximate expected range of wood sourcing for Daicel, around 100 miles of radius around Jesup mill, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.</p>
<p>2.4 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</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 updated the risk assessment in 2024 and shared with Canopy.</p> <p>Observation: It is expected that the supply chain assessment be done for a period of at least one year of sourcing.</p>
<p>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.</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>At the time of this audit, the company has not developed and implemented extra criteria to complement their risk assessment, including legality, human rights, forest conversion (post 1994), etc, although FSC Controlled Wood requirements covers most of these requirements but still has some gaps, especially in relation to the conversion of natural forest where the FSC CW standard (FSC-STD-40-005 V3-1): 1) does not indicate the 1994 cut off; and 2) allows net loss <0.5% per year of natural forest and other naturally wooded ecosystems. As a result, this indicator is therefore being graded as in progress.</p>
<p>2.6 The MDCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</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>At the time of this audit, the Company is willing to and has published the information</p>

	of its tier-1 and tier-2 supplier. The link is here: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://soalon.jp/wp/wp-content/uploads/2020/04/suppliers-list-.pdf
<p>Summary:</p> <p>The company submitted sourcing information form before the audit. The main raw material is cellulose triacetate. The pulp used carries "FSC Controlled Wood" claim.</p> <p>The Company has also used the Forest Mapper, advice note on Ancient and Endangered Forests, and the Dissolving Pulp Classification tool for risk assessment on the supplier.</p> <p>The Company has identified the supply chain up to the dissolving pulp mill – Rayonier Jesup mill. The supplier provided the map of its approximate expected range of wood sourcing for Daicel, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.</p> <p>Currently the company has not developed and implemented extra criteria to complement their risk assessment, including: legality, human rights, forest conversion (post 1994), etc.</p> <p>The Company has published its suppliers on its website.</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 1994, or post 1994 with a supporting valid FSC certificate.**	<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>FSC Controlled Wood material is not FSC-certified and therefore cannot guarantee the wood does not originate from post-1994 conversion based on the FSC controlled wood standard (FSC-STD-40-005 V3-1).</p> <p>Moreover, they could not identify sourcing sites at forest or plantation level and thus the initial dates of the plantation development shall be confirmed further.</p>
<p>Summary:</p> <p>Rayonier had already started its reforestation program in the late 1940s and has since established a sustainable cycle of planting, harvesting and reforestation. However, there is no documented evidence to support this conclusion.</p>	

4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated

Indicators	Findings
4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy,	<p>Conformance with Indicator:</p>

<p>such as “ancient & endangered forests,” “intact forest,” “natural forest,” “endangered species,” “controversial sources,” “high conservation value,” “high carbon area,” “peatlands,” etc. that are consistent with this document and the forest sourcing policy template.**</p>	<div data-bbox="805 224 1252 425"> <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:</p> <p>The Company has updated its sourcing policy in March 2025 which has adopted clear definitions for these terms, such as “ancient & endangered forests,” “intact forest,” “natural forest,” “endangered species,” “controversial sources,” “high conservation value,” “high carbon area,” “peatlands,” etc. that are consistent with this document and the forest sourcing policy template.</p>
<p>4.2 All areas meeting the definition of “ancient and endangered forests” have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group.**</p>	<div data-bbox="805 817 1252 1064"> <p>Conformance with Indicator:</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 </div> <p>Description of the finding:</p> <p>Based on the audit at the company’s direct supplier Daicel, the dissolving pulp comes from Rayonier Jesup mill in USA.</p> <p>The Company has used the Forest Mapper, advice note on Ancient and Endangered Forests, and the Dissolving Pulp Classification tool for risk assessment on the supplier.</p> <p>Based on the classification tool, Rayonier Jesup mill is low risk in terms of “ancient and endangered forests”.</p> <p>On the other hand, the company’s risk assessment did not suggest there is a high risk of being considered controversial sources especially when the material is from FSC controlled wood sources.</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>	<div data-bbox="805 1601 1252 1848"> <p>Conformance with Indicator:</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 </div> <p>Description of the finding:</p> <p>For any raw material acquired before the sourcing policy was adopted by the Company, they have not identified or</p>

	<p>confirmed the materials originated from ancient and endangered forests or other controversial sources.</p> <p>Through interview, the company is fully aware of this requirement that such material with risk will be documented and traced throughout the process.</p> <p>The company has a very robust and traceability and segregation system which was verified by the auditor during this audit.</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>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 dissolving pulp is FSC controlled wood from US which requires legality in the country of sourcing.</p> <p>Also, US is considered as low risk of legality based on FSC national risk assessment for controlled wood.</p> <p>There is no information or news indicating that the company's operation is non-compliant with national and international laws.</p> <p>The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including:</p> <ul style="list-style-type: none"> • ISO9001:2015 quality management system; • ISO14001:2015 Environment Management System; • FSC Chain of Custody.
4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**	<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 conducted its risk assessment on supply chain to evaluate the risk of sourcing from ancient and endangered forests and other controversial sources.</p> <p>In addition, the supplier is classified as low risk in the latest Dissolving Pulp Classification Tool.</p> <p>For other controversial sources, it is unlikely that the company is sourcing from these</p>

	areas because the material is FSC controlled wood which covers a majority of the definitions of controversial sources. However, it cannot be fully verified because the information of forest origin is not secured, and old-growth hardwood is present in the supplier's sourcing area.
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Summary:

The Company's policy includes those terms with clear definitions included in this document.

The dissolving pulp is FSC controlled wood from US which requires legality in the country of sourcing. Also, US is considered as low risk of legality based on FSC national risk assessment for controlled wood.

The company has not identified the materials that purchased before policy adoption originated from ancient and endangered forests or other controversial sources.

It is confirmed that the company is at low risk of sourcing from ancient & endangered forests as the supplier is classified as low risk in the latest Dissolving Pulp Classification Tool. For other controversial sources, it is unlikely that the company is sourcing from these areas because the material is FSC controlled wood. However, it cannot be fully verified.

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

Indicators	Findings
5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**	<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 identified the supply chain up to the dissolving pulp mill – Rayonier Jesup mill. The supplier provided the map of its approximate expected range of wood sourcing, around 100 miles of radius around Jesup mill, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.</p> <p>The company said, it is working with supplier Rayonier to implement a traceability system to secure the information of forest origin. This system would be rolled out in October 2025.</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.** (Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)	<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 Canopy policy has been communicated and agreed by the supplier, it is included in the Raw Material Standard (version B) as a binding document attached to purchase contracts.
5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: There has been no case of identified non-conformance or withdrawal.
Summary: The supplier provided the map of its approximate expected range of wood sourcing, around 100 miles of radius around Jesup mill, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear. The Canopy policy has been communicated and agreed by the supplier, it is included in the Raw Material Standard as a binding document attached to purchase contracts.	

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
6.1 When requested, Canopy, Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	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 confirmed that the leadership group and other stakeholders are welcome to join future verifications.
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	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met

<p>assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **</p>	<p><input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: This indicator is required only when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p> <p>According to the Dissolving Pulp Classification Tool, the Company's wood fibre material is low risk of sourcing from ancient and endangered forests.</p> <p>Based on the company's own risk assessment, it is not found that the material originates from ancient and endangered forests either.</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: <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: 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 ENGOs.**</p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: This indicator is only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p>
<p>6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**</p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	This indicator is only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.
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Summary:

The company confirmed that the leadership group and other stakeholders are welcome to join future verifications as observers.

Additionally, Canopy was visiting the company during the audit period. Indicator 6.2-6.5 are only required when Company's sourcing has been verified as key priority areas of ancient and endangered forest.

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"/> 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 required its supplier Daicel Corporation to adopt a similar policy, systems, and procedures to implement Free, Prior, and Informed Consent of indigenous people and local communities.</p> <p>The canopy requirements are included in the purchase contract with Daicel Corporation.</p> <p>Also, the material is FSC controlled wood which can largely cover these requirements.</p>
7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**	<p>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 sourced only FSC controlled wood material and FSC Controlled Wood sources (including forest managers) contains FSC Core ILO requirements and</p>

	<p>association policy and therefore can largely cover these requirements. However, only FSC 100% certification fully meets these requirements.</p> <p>Note: forest level supplier(s) info is not known.</p>
<p>7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Company has its own grievance mechanism while its supplier is FSC COC certified and supplies only FSC controlled wood materials, which could support the conformance to this indicator as FSC COC certification and FSC Controlled Wood source (including forest managers) require to have such a mechanism for their scope.</p> <p>Note: forest level supplier(s) info is not known.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Labour Union exists at the Company, with its Collective Agreement to fully comply with relevant national labour laws and cover other worker benefits/rights. The workers can join the labour union freely.</p> <p>When facing any issues, the workers can report to the working unit lead, labour union office, administration office or reach out to external third-party law firm if needed. The contact information is posted in the company's internet.</p> <p>The company and its suppliers are FSC COC certified, and the company sourced only FSC controlled wood material, which could provide a high level of confidence that the workers' rights are recognized and respected. FSC COC and FSC Controlled Wood standards (including forest managers) require relevant companies to sign FSC policy for association, that is a declaration by the company indicating that</p>

	<p>they are not involved in directly or indirectly with the activities that can violate workers' rights; Note: forest level supplier(s) info is not known.</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 <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 and its suppliers are FSC COC certified, and the company sourced only FSC controlled wood material, which could provide a high level of confidence that the workers' rights are recognized and respected. FSC COC and FSC Controlled Wood standards (including forest managers) require relevant companies to sign FSC policy for association, that is a declaration by the company indicating that they are not involved in directly or indirectly with the activities that can violate workers' rights. Note: forest level supplier(s) info is not known.</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 supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Company and its supplier are FSC-CoC certified and the supplier supplies FSC controlled wood materials only which can demonstrate that human rights are respected by forest/wood suppliers.</p> <p>Since this indicator is also a summary requirement of 7.1-7.5 and therefore is graded as Commitment in progress.</p>
<p>Summary:</p> <p>The Company has developed and expects its supplier to adopt a similar policy, systems, and procedures to implement Free, Prior, and Informed Consent of indigenous people and local communities.</p> <p>The company sourced only FSC controlled wood material and FSC Controlled Wood sources (including forest managers) contains FSC Core ILO requirements and association policy which</p>	

can largely cover human rights, community rights, First Nations rights, rights of workers, ILO requirements. However, Only FSC 100% certification fully meets these requirements.

The Company has its grievance mechanism while its supplier is FSC-COC certified and supplies only FSC controlled wood materials, which could guarantee the conformance to this indicator as FSC COC certification and FSC Controlled Wood source (including forest managers) require to have such a mechanism.

The Company is FSC COC certified, and sourced only FSC controlled wood material, which could provide a high level of confidence that the workers' rights are recognized and respected.

8. Development of Innovative and Alternative Fiber

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 fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers.**	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: The statement, rather than an internal action plan, is included in the Company's policy which reads: "We will explore and encourage the development of products using sustainable raw materials and manufacturing process, in collaboration with our suppliers." The Company has not taken and implemented any particular action. </p>
8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: The Company is still in the stage of building a business case to start investing in next generation and searching for an opportunity to research on alternative raw materials. </p>
<p>Summary: The Company has not taken and implemented any particular action to explore and encourage the development of new alternative fiber sources. </p>	

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	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable </p>

<p>that aim to protect remaining ancient and endangered forests.**</p>	<p> <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:</p> <p>The company has no records of such participation in events because it has not had opportunities to date.</p>
<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>	<p>Conformance with Indicator:</p> <p> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>The Company has not been prompted to take such action. However, the Company purchases only FSC controlled wood materials, which could positively influence and affirm conservation and development solutions by the suppliers with FPIC of affected indigenous and local communities.</p>
<p>9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>The Company does not support any of such solutions, targets, nor programs in public yet.</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 <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>Not applicable as this indicator is only applicable to MMCF producers who manager forests.</p>
<p>Summary:</p>	

The company has no records of such participation in events because it has not had opportunities to date.

The Company has not been prompted to use its brand influence or purchasing influence to positively impact conservation and development solutions. However, the Company purchases only FSC controlled wood materials, which could positively influence and affirm conservation and development solutions by the suppliers with FPIC of affected indigenous and local communities.

The Company has not publicly supported science-based international and national target(s) and programs for preserving designated protected and conservation areas.

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 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 COC certified and deals with FSC controlled wood materials only. The Company has been trying to increase FSC intake or source FSC Mix or even 100% material and has requested its supplier to provide it, but the supplier told them that it was difficult to get forests certified due to the large number of forest owners and extra cost.</p> <p>The company has been continuously informing the supplier of their desire to procure FSC Mix materials and are currently waiting for them to provide with terms regarding quantity and price.</p>
<p>Summary:</p> <p>The Company is FSC COC certified and deals with FSC controlled wood materials only. The Company has been trying to increase FSC intake or source FSC Mix or even 100% material. The company has been continuously informing the supplier of their desire to procure FSC Mix materials and are currently waiting for the supplier to provide with terms regarding quantity and price.</p>	

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

Indicators	Findings
11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <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 checked the carbon footprint annual report from tier 1 supplier Daicel's website (Daicel published Carbon data annually on website: www.daicel.com/sustainability/climate-change.html) and sustainability reports from tier 2 supplier Rayonier which include carbon footprint data.</p> <p>However, the company has not developed a procedure to monitor supplier performance in reducing GHG.</p>
<p>11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input 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 only sourced the FSC controlled wood materials which can largely ensure the supplier is not sourcing from tropical peatlands and/or intact forest landscapes.</p> <p>However, the FSC controlled wood is not enough to avoid it completely.</p> <p>The company has not developed a procedure to confirm whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</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>
<p>11.3 The MMCF producer can document giving preference to suppliers that are not operating</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **

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

Description of the finding:

The Company clearly states its preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands. Canopy Dissolving Pulp Classification Tool is also used in monitoring the supplier performance for sourcing from ancient and endangered forests.

In addition, only FSC controlled wood material is sourced which can help reduce the risk/probability of material from intact forest landscapes or on drained tropical peatlands.

However, this cannot be verified as the company's procedure does not include the assessment of supplier on these aspects.

Summary:

The company checked the carbon footprint annual report from tier 1 supplier and sustainability reports from 2 supplier Rayonier which include carbon footprint data. However, the company has not developed a procedure to monitor supplier performance in reducing GHG.

The Company only sourced the FSC controlled wood materials which can largely ensure the supplier is sourcing from tropical peatlands and/or intact forest landscapes, but the company has not developed a procedure to confirm whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.

The Company clearly states its preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands, but this cannot be verified as the company's procedure does not include the assessment of supplier on these aspects.

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 <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p>

	<p>The CanopyStyle audit will not report on this indicator.</p> <p>Other tools such as the Hot Button report will address chemical management starting in 2020.</p>
<p>Summary: Not applicable.</p>	

** Indicates Critical Indicators

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

1. Evaluation of Site: Soalon Corporation's Toyama Plant

Primary Responsible Person: (Responsible for control system at site(s))	Hiroki KARAKANE Senior Manager, Cellulose Marketing, Chemical BU, Material SBU
Auditor(s):	Gaojun Zhao
People Interviewed, Titles:	<ul style="list-style-type: none"> - MR. Ryo Ochi: Director, Executive General manager, Toyama Plant; - Mr. Syuuichi Omura: Manager, Plant management section, Toyama Plant; - Mr. Mashiro Kondo: Quality assurance group, Technology management department, Technology Division; - Mr. Hiroyuki Kouno: manager, Filament Section, Toyama Plant.
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments:	

2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the Fiber 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</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 management staff at the Toyama Plant are fully aware of the policy and demonstrated its good understanding during interview sessions.</p>
1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**	<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 plant has been implementing the operating manual for the implementation of FSC COC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure such as FSC COC management manual.</p> <p>The Company said they have been working with supplier Rayonier to develop and implement a traceability system for the raw materials which would be ready in October 2025. After the implementation of this system, the company will update the procedure to cover Canopy requirements.</p>
<p>Summary:</p> <p>The management staff at the Toyama Plant are fully aware of the policy and demonstrated its good understanding during interview sessions.</p> <p>The mill has been implementing the operating manual for the implementation of FSC COC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure such as FSC COC management manual.</p>	

2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy- and all sourcing from the local site is consistent with the corporate desktop audit.

Indicators	Findings
<p>2.1 The production site/mill maintains all <u>purchase and sales</u>, documentation related to the wood fiber <u>inputs</u>.</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 Toyama plant maintained all purchase and sales documents related to cellulose triacetate flakes. They are also be submitted for the purpose of FSC COC certification audit.</p> <p>The purchase documents from supplier Daicel Corporation were sampled and checked, including contract, payment request note and delivery note.</p>

	<p>The sales documents to client were also sampled and checked, including order confirmation, delivery note, etc.</p> <p>The mill also maintained the detailed statistics and summary of input and output.</p> <p>The data was sampled and checked: 204, 388 and 301 tons of triacetate flake was used in April, May and June 2025 respectively and 208, 391 and 305 tons filament was produced accordingly in the three months (note: other non-wood fiber material is added).</p>
2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u> .	<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 mill maintains the delivery documents in the Company logistics within the plant premise. The documents of triacetate receiving in April 2025 were sampled and checked.</p> <p>From April of 2025, the company started using TextileZone logistics system for stock, sales order and delivery management.</p>
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.	<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 material entering the mill aligns with and is identified within the Company's supply chain assessment.</p> <p>The mill only uses FSC controlled wood triacetate from the supplier Daicel Corporation.</p>
2.4 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p>

	<p>Description of the finding:</p> <p>The certification code and claim are included on the commercial invoice and packing list from the supplier and recorded in a summary to be submitted for the purpose of FSC COC certification audit.</p>
2.5 The production site maintains and can verify a summary of annual purchases (or inputs).	<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>All triacetate material purchased is FSC controlled wood.</p> <p>The summary of annual purchase is in place and also evaluated during FSC COC certification process.</p> <p>The plant is using FIPS system (Soalon's internal management system) for traceability during the process of production.</p> <p>The accuracy of the summary was verified by the auditor through sampling traceability records, such as production summary table, product trace overview, material input instruction, daily records of inputs, product delivery note etc.</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>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 delivery notes of product from the company carry contract number FSC certificate code, FSC controlled wood claim, product description and reference number. The delivery note does not include the forest/plantation of origin given it is unknown from upstream supplier.</p>
<p>Summary:</p> <p>The Toyama plant maintained all purchase and sales documents. They are also be submitted for the purpose of FSC COC certification audit. The purchase documents from supplier Daicel Corporation were sampled and checked, including contract, payment request note and delivery note.</p>	

The mill also maintained the detailed statistics and summary of input and output. The summary of annual purchase is prepared and also evaluated during FSC COC certification process.

The mill maintains the delivery documents in the Company logistics within the plant premise. The documents of dissolving pulp receiving in April 2025 were sampled and checked.

The delivery notes from the company carry FSC certificate code, FSC controlled wood claim. The delivery note does not include the forest/plantation of origin given it is unknown from upstream supplier.

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 <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>According to the tier-2 supplier's (Rayonier) website, they had already started its reforestation program in the late 1940s and has since established a sustainable cycle of planting, harvesting and reforestation. However, there is no documented evidence to support this conclusion.</p> <p>In addition, FSC Controlled Wood material is not FSC-certified and therefore cannot guarantee the wood does not originate from post-1994 conversion based on the FSC controlled wood standard.</p> <p>Moreover, they could not identify sourcing sites at forest or plantation level and thus the initial dates of the plantation development shall be confirmed further.</p>
<p>Summary:</p> <p>According to the company's website, Rayonier had already started its reforestation program in the late 1940s and has since established a sustainable cycle of planting, harvesting and reforestation. However, there is no documented evidence to support this conclusion.</p>	

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	<p>Conformance with Indicator:</p>

<p>and there is no evidence of non-compliance, with local, national or international laws.**</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>There is no information or news indicating that the company's operation is non-compliant with national and international laws.</p> <p>The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including:</p> <ul style="list-style-type: none"> • ISO9001:2015 quality management system; • ISO14001:2015 Environment Management System; • FSC Chain of Custody.
<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 <i>outlined in the Advice Note</i> and from controversial sources.</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 mill's management staff understands the definitions of Ancient and Endangered forests and controversial sources.</p> <p>However, given the forest of origin is unknown and the company did not assess controversial sources, it is unknown if the material comes from controversial sources or Ancient and Endangered forests, although the Dissolving Pulp Classification Tool suggests the supplier is low risk in ancient and endangered forest.</p>
<p>4.3 Production mills have conducted assessment of presence of Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources in their wood supply areas.</p>	<p>Conformance with Indicator:</p> <p> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>The assessment was conducted by the company's management office. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>

4.4 The sourcing from regions that contain Ancient and Endangered forests, as *outlined in the [Advice Note](#)* and other controversial sources, is verified to be low risk by this CanopyStyle audit.

Conformance with Indicator:

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

Description of the finding:

The assessment was conducted by the company's management office. Detailed findings please refer to indicator 2 and 4 under Appendix A.

Summary:

There is no information or news indicating that the company's operation is non-compliant with national and international laws.

The mill's management staff understands the definitions of Ancient and Endangered forests and controversial sources. However, the forest of origin is unknown and the company did not assess controversial sources.

The risk assessment was conducted by the company's management office.

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
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>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Supplier performance monitoring program was conducted by the company corporate office and shared with the mill.</p>

Summary:

Not applicable, because supplier performance monitoring program was conducted by the company corporate office and shared with the mill.

Appendix C: RECOMMENDATIONS FOR IMPROVEMENT

Canopy applauds Soalon Corporation for completing their second CanopyStyle audit. The report concludes that the company has low risk of sourcing from priority Ancient and Endangered Forests and other controversial sources.

The CanopyStyle audit is a learning opportunity, and in the spirit of continuous improvement, and based on the review of the audit report, Canopy recommends the following next steps:

1. Continue to deepen the understanding of Soalon's commitment to avoiding sourcing from Ancient and Endangered forests, both internally, and with supply chain partners. In particular, collect more information from suppliers on forest of origin to ensure no old-growth hardwood is entering the supply chain.
2. Develop Canopy-oriented standard operating procedures and include Canopy requirements in supplier contracts as binding requirements, along with engagement and withdrawal procedures in the case of violation.
3. Develop a strategy to increase the use of FSC Mix and FSC 100% (note that Controlled Wood is not considered as certified).
4. With support from Canopy, collaborate with conservation organisations involved in protecting forests either in region of sourcing or home country.
5. Explore the use of Next Generation Fibres to replace forest fibre used, and develop an action plan to integrate them into production.

We recommend that the company develop an action plan to address these priority issues, so that they can be addressed before the next annual audit. As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will be essential to ensure that Soalon continues to implement their policy and meets the expectations of the CanopyStyle Initiative. Once again, we commend Soalon Corporation undergoing and completing the audit and for achieving low risk of sourcing from Ancient and Endangered Forests in its supply chain. We look forward to working collaboratively with Soalon to address any outstanding issues.

Appendix



CanopyStyle Audit Report for Daicel Corporation

Assessment 2025

Evaluation date: 22nd July 2025

Report date: 20th Nov 2025

Organisation Contact

Daicel Corporation

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INTRODUCTION

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

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

The purpose of this report is to document performance of ***Daicel Corporation*** (hereinafter referred to as “Company”), against the requirements of the Verification Framework and Guidelines, (September 2021 version⁶) and related guidance documents⁷ developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)⁸ 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 Forests⁹.

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.

⁶ <https://canopyplanet.org/wp-content/uploads/2021/02/CanopyStyle-Audit-Guidelines-and-Verification-Framework-ENG-CHN.pdf>

⁷ <https://canopyplanet.org/resources/canopystyleaudit/canopystyle-audit-guidelines/>

⁸ Current members of this group are H&M, M&S, Inditex/Zara, EILEEN FISHER, Stella McCartney and Canopy

⁹ <https://canopyplanet.org/wp-content/uploads/2019/10/AdviceNoteCanopyStyleAudits.pdf>

1. GENERAL DESCRIPTION

1.4 Company overview

Daicel Corporation is a chemical company based in Japan that was formed in 1919 under the name of Dainippon Celluloid Company from a merger of eight regional celluloid manufacturers and changed its name to the present one in 1966. Its business operation ranges from celluloid technologies and organic chemicals to high-performance chemicals, polymers, and pyrotechnic devices. The company's products include cellulose acetate, tow for cigarette filters, high-performance chemicals, engineering plastics like liquid crystal polymers (LPCs), resin compounds, and automotive airbag inflators. It is one of the main suppliers of cellulose acetate for MMCF producers in the country.

The company has headquarters in Tokyo, Osaka and branch office in Nagaya. It is operating 6 plants for different type products, 2 of which produces cellulose triacetate and cellulose diacetate, namely Aboshi plant and Otake plant. However, only a portion of cellulose triacetate flakes produced by Aboshi plant is sold to Soalon Corporation (independent from Mitsubishi Chemical Corporation in March 2025) as input material for cellulose triacetate filament. The rest of cellulose triacetate produced by Aboshi plant and Otake plant is sold to other clients not for the purpose of textile, like liquid crystal display screen.

1.5 Company scope (sites, locations, etc)

Only Aboshi plant is within the audit scope because only this plant produces and sells cellulose triacetate as input material of filament. It is located on the coast of the Seto Inland Sea, in Himeji City, Hyogo prefecture of the central Japan.

This plant produces cellulose triacetate flakes within chemical reaction. The main raw materials are dissolving pulp and acetate with a ratio of 1:0.57.

Under the scope of this audit, dissolved pulp is imported from a US supplier, Rayonier Advanced Materials's Jesup mill.

Only a portion of cellulose triacetate flakes produced by this plant is sold to Soalon Corporation as a MMCF producer.

1.6 Company sourcing policy

Daicel Corporation has established a "Pulp Procurement Policy for Forest Conservation" required by Canopy. It is applied to the raw material production of Soalon Corporation to produce triacetate fiber. It is made publicly available on this webpage: https://www.daicel.com/cell_ac/en/triacetate/

Pulp Procurement Policy for Forest Conservation

Cellulose acetate is a biomass material made from wood pulp and cotton; specifically, it comprises plant-based cellulose materials chemically modified with acetic acid. It is used in fibers, films, plastics, and a wide variety of other applications. This material is manufactured only by Daicel Corporation in Japan.

In order to meet the needs of textile industry, Daicel has established the following "Pulp Procurement Policy" to use wood pulp in the production of cellulose acetate,

which is supplied as a raw material for Mitsubishi Chemical Corporation's triacetate fiber "Soalon™," and engages in responsible procurement.

Pulp Procurement Policy

We will prioritize procurement from suppliers who demonstrate consideration for biodiversity and the global environment. We will preferentially purchase pulp sourced from timber grown in appropriately managed forests that have been granted forest certifications from third-party environmental organizations. We will not procure wood pulp from the following forests or regions: natural forests that do not readily regenerate, such as the primeval boreal forests of Canada, Alaska, and Russia; the tropical forests and peat bogs of Indonesia, the Amazon, and West Africa; and other endangered ancient forests; illegally logged forests; illegally registered forests; areas where logging practices violate the rights of indigenous peoples and local residents; plantations established after 1994; and wood that has been genetically modified.

If we determine that the raw material we have procured has been sourced from a protected forest identified above or is the product of illegal logging operations, we will reexamine our supply chain and modify our procurement methods. We will also commit to reviewing our business relationships with our suppliers when we deem it necessary.

We will collaborate with various organizations (such as Canopy) on the above initiatives in the interests of forest protection and will promote sustainable forest management and the ongoing protection of endangered forests.

Recognizing, Respecting and Protecting Human Rights and the Rights of Local Communities

Daicel expects its suppliers to respect the Universal Declaration of Human Rights and recognize the right of indigenous peoples and local communities to use the territories, land, and resources under their management and afforded to them by laws and customs. Daicel supports the right of indigenous peoples to free, prior, and informed consent (FPIC) in the allocation of new logging concessions or woodlot development. Should a complaint, dispute, or human rights violation occur, we will require the supplier concerned to resolve and correct it through a transparent and consensual processes and to provide accountability.

Reducing Greenhouse Gas Emissions

Daicel recognizes the importance of forests as carbon sinks and supports efforts to reduce the loss of forests offering high value as stores of carbon. Therefore, we urge our suppliers to avoid harvesting in such areas and give priority to doing business with suppliers who adopt proactive strategies to effectively reduce greenhouse gas emissions.

Developing Innovative Materials with a Focus on Sustainability

Daicel collaborates with its suppliers and customers to explore product development using sustainable raw materials and manufacturing methods.

Securing the Transparency and Traceability of Our Raw Material Procurement Process

Daicel is committed to ensuring the transparency of its supply chain and is improving the traceability of its wood-sourced pulp and other raw materials.

In order to lower the risk of pulp sourcing, currently 100% of the Company's dissolving pulp used for Soalon is FSC Controlled Wood source.

2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in supplier CoC form	<input type="checkbox"/> Other suppliers
Majority Fiber Input:	100% dissolving pulp	
Map of Ancient and Endangered Forests Overlay Completed:	<input checked="" type="checkbox"/> Yes The Company has used ForestMapper to analyse the overlap based on the source information at the state level and areas within approximate radius distance from dissolving mill but not confirmed at forest management unit level. As a result, it is not detailed enough to confirm if there is any source area overlapping with A & E forest.	<input type="checkbox"/> No Comments:
Mill Capacity:	The company processed 3279 ton cellulose triacetate in the past one year for Soalon, while the full capacity not disclosed	
Primary Activity:	Cellulose acetate production,	
Outsourcing:	<input type="checkbox"/> FSC-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	<input type="checkbox"/> Non-certified subcontractors (reported to FSC with the required MoU)
Workforce:	Permanent male: 535	Permanent female: 60
	Contract male: 0	Contract female: 0
	TOTAL: 595	

3.

Sites included in evaluation	Location
Headquarter office	JR Shinagawa East Bldg., 2-18-1 Konan, Minato-ku, Tokyo 108-0075 Japan
Aboshi Plant	1239 Shinzaike, Aboshi-ku, Himeji-shi, Hyogo 671-1281 Japan

EVALUATION PROCESS

Auditor name(s)	Qualifications
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Gaojun Zhao	<p>Senior Sustainability Specialist, FSC FM/CoC lead auditor, CanopyStyle lead auditor; LegalSource Trainer and auditor; He was majored in forestry and has 15+ years of experience in the fields of sustainable forest management, timber legality verification and sustainability of natural resources.</p> <p>He is supporting provision of Preferred by Nature’s timber legality and sustainability services, including consultancy services to clients/partners in the forest-impact commodities.</p> <p>He is engaging with big brands/retailers and their suppliers to help them in implementing sustainability policy and complying with consumer market regulations, and implementing sustainability development-related projects, in a wide range of commodities and land-use sectors, including timber, pulp/paper, rubber, textile, etc.</p>
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3.1 Audit Team

3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
Aboshi Plant	22 nd July 2025	7 hours

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

3.3 Description of Overall Audit Process

The audit started in middle of June 2025. 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 on 26th June 2025, such as:

- Sourcing policy;
- Canopy sourcing information form;
- FSC certificate;
- ISO 9001 and 14001 certificate;
- Material flow;
- FSC-COC management manual;
- Dissolving pulp supplier FMU survey results;
- Forestmapper check;
- Supplier's FSC controlled wood summary report;
- Supplier's sustainability reports;
- Supplier's confirmation letter;
- Purchase order for supplier;
- Supplier's commercial invoice;
- Sales agreement with Soalon;
- Raw material balance table
- Etc.

The auditor finished the document review on 14th July 2025 and communicated with the Company over any issues and questions occurred during the review process.

On 22nd July 2025, the auditor conducted the on-site audit at the Aboshi plant with with the presence of management representative from its headquarters in Tokyo. During the opening meeting, the auditor communicated the objective and scope of the audit, agenda, conflict of interest (COI) issues, etc to the company. The plant's representative gave a brief introduction of the company and operation activities and the efforts made on Canopy sourcing policy.

Following the opening meeting, the auditor interviewed the management team regarding action plan and any updates in regard of practices with Canopy policy commitment, operational procedures, training, purchase policy, FSC material sourcing plan, supplier management, research of alternative Fibre, environment protection, forest protection, etc. The staff in quality assurance department demonstrated how the ForestMapper is applied.

After interview with management, related documents were reviewed and clarified, such as Sourcing Policy, Operational Procedures, Annual Volume Summary Data, purchase documents (purchase order, contracts and invoices), Risk Assessment Report, communication with the suppliers, sales confirmation order, payment request note, delivery note, etc.

Then, the auditor toured the company's mill including the production line and warehouse. When touring the warehouse, the auditor checked on the mill's input and storage for the pulp in use. Back to the meeting room, the auditor sampled and evaluated its traceability system.

In combination with reviewing documents and visiting the company's facilities, the auditor interviewed the staff from various departments, including quality assurance department, production department, warehouse, marketing department, etc.

The closing meeting was held in the end of the same day. The auditor gave a summary of the audit findings, raised issues and acquired for additional further information after the onsite audit. Within 1 week, the Company promptly provided additional documentation, such as evidence of management endorsement on policy, communication with supplier, Research collaboration with university, material stock-in records.

During the onsite audit, the following personnel from the company participated in this audit:

- Hiroki KARAKANE, Senior Manager, Cellulose Marketing, Chemical BU, Material SBU;
- Zhang-san, staff in head office in Tokyo;
- Shinya UNO, Assistant manager, Quality Assurance, Aboshi plant;
- Hisanari MIYAJI, Quality Assurance, Aboshi plant;
- Hiroshi OGAWA, Quality Assurance, Aboshi plant;
- Kazumi TAMURA, Cellulos Products Division Manager, production department, Aboshi plant;
- Shuchi Hironaka, SCM production planning group lead;
- Hideaki Tanaka, production planning group head;
- Reige Yamamoto, person in charge of production planning.

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

The Company has established and published a Canopy sourcing policy which applies to the raw material production of Soalon Corporation to produce triacetate fiber.

The Company developed organisational structure and capacity with assigned personnel with responsibility for policy implementation. The management staff are fully aware of the policy and demonstrated its good understanding.

Even without the CanopyStyle-oriented standard operation procedure, the Company has obtained an FSC-CoC certification and deals with FSC Controlled Wood source material only which are covered by FSC certification scope.

The Company has also used the Forest Mapper, advice note on Ancient and Endangered Forests, and the Dissolving Pulp Classification tool for risk assessment on the supplier to verify supplier's compliance with the Canopy policy.

The dissolving pulp purchased is only FSC Controlled Wood which can largely help lower the risk of ancient and endangered forest and other controversial sources.

The company has a robust traceability and segregation system at its facilities.

The company has been working with Kyoto University to collectively research the products made of recycling-based materials since 2021, though it has not successfully developed alternative fiber sources so far.

Areas for Improvement:

Even though the Company has obtained an FSC-CoC certification and deals with FSC-CW source material only, they need to develop Canopy-oriented SOP and include Canopy requirements in supplier contracts as binding requirements, along with engagement and withdrawal procedures in the case of violation. In order to verify supplier's compliance with the Canopy requirements, the Company needs to request and obtain documentation on its conformance from its supplier and should not rely only on the FSC-CoC/CW status of its supplier.

Although a management manual has been developed and implemented for FSC-COC. However, there is not specific SOP to implement Canopy or integrate all Canopy requirements into existing procedure.

The company has not published its suppliers publicly.

Canopy requirements are not included in the procurement agreement nor attached to the agreement as a binding document.

The risk assessment covered ancient and endangered forests but does not include legality, human rights, forest conversion (post 1994), etc, although FSC Controlled Wood requirements covers most of these requirements.

The supplier provided the map of its approximate expected range of wood sourcing for Daicel, around 100 miles of radius around Jesup mill, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.

The company has not yet developed a procedure to monitor supplier performance in reducing GHG.

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
Rayonier Advanced Materials's Jesup GA dissolving pulp Mill in Georgia, USA	Low Risk	Low risk No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.

4.2 Summary of findings

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

** Indicates Critical Indicators

Key Commitment	Performance Indicators	Rating
1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy **	<i>Commitment in Progress</i>
	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 in Progress</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 Met</i>
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	<i>Commitment 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 in Progress</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 Met</i>
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	<i>Commitment in Progress</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.	<i>Commitment Met</i>

	The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.	
	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 in Progress</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 in Progress</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 in Progress</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>Not Applicable</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 in Progress</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>Commitment Met</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 excutre the conservation	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>

planning and FSC certification themselves)		
	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 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. **	<i>Not Applicable</i>
	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</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 in Progress</i>

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.		
	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 Met</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 Met</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 Met</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 Fiber	8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber	<i>Commitment in Progress</i>

	sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers. **	
	8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	<i>Commitment Not Met</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 Not 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 designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.	<i>Commitment Not Met</i>
	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 in Progress</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 in Progress</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	<p>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.</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.roadmapzero.com/post/zdhc-man-made-cellulosic-guidelines-released</p>	<i>Not Applicable</i>
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4.3 Volume Summaries¹⁰

Reporting period: from 1st April 2024 to 31st March 2025

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	3585 tons	100%
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	0	0
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	0	0
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).	0	0
Non-FSC	Material received with no FSC claim.	0	0
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	0	0

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

1. Evaluation of Daicel Corporation

Primary Responsible Person: (Responsible for control system at site(s))	Hiroki KARAKANE Senior Manager, Cellulose Marketing, Chemical BU, Material SBU
Auditor(s):	Gaojun Zhao

¹⁰ The volume summary is provided by the organization.

People Interviewed, Titles:	<ul style="list-style-type: none"> - Hiroki KARAKANE, Senior Manager, Cellulose Marketing, Chemical BU, Material SBU; - Zhang-san, staff in head office in Tokyo; - Shinya UNO, Assistant manager, Quality Assurance, Aboshi plant; - Hisanari MIYAJI, Quality Assurance, Aboshi plant; - Hiroshi OGAWA, Quality Assurance, Aboshi plant;
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments: Chain Production Company at Aboshi Plant is responsible for procurement 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 Fiber Sourcing/Forest Policy	
Indicators	Findings
1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy.**	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input 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>Daicel Corporation has established a “Pulp Procurement Policy for Forest Conservation” required by Canopy. It is applied to the raw material production of Soalon Corporation to produce triacetate fiber. It is made publicly available on this webpage: https://www.daicel.com/cell_ac/en/triacetate/</p> <p>However, the policy does not include the following elements:</p> <ol style="list-style-type: none"> 1. A preference for Forest Stewardship Council (FSC) certified fibre; 2. Commitment to develop next generation solutions; 3. Support for the conservation of Ancient and Endangered Forests in cooperation with Canopy.” <p>Also, the evidence of policy being endorsed by the management in 2022 and 2025 was presented.</p>
1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress </p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The Company has already developed the operating manual for the implementation of FSC-CoC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into existing procedure such as FSC-CoC management manual.</p> <p>The Company said they have been working with supplier Rayonier to develop and implement a traceability system for the raw materials which would be ready in October 2025. After the implementation of this system, the company will update the procedure to cover Canopy requirements.</p>
1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The Sales Dept. Head at HQ has the overall responsibility for this sourcing policy implementation, with support from the organization set-up which was originally prepared for FSC certification system.</p>
1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The organization structure and training records are available for Canopy policy implementation.</p> <p>The staff understood the key concepts and specific requirements from Canopy. The Quality Assurance demonstrated the evidence gathered from supplier and how the risk assessment was conducted, including the use of ForestMapper.</p>

<p>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Company notified the supplier of the Canopy sourcing policy via email, with its record provided to the auditor as proof of notification and supplier confirmation. The confirmation letter issued by its only supplier Rayonier about risk assessment was presented.</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: The Canopy sourcing policy was communicated to the supplier. However, the Canopy requirements are not included in the procurement agreement nor attached to the agreement as a binding document.</p>
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Company has the FSC-CoC management manual in place, on which the supplier performance monitoring procedure is described, including monitoring frequency, monitoring method, and the evidence to be checked including FSC database. However, the Company has not implemented any monitoring procedures for evaluating supplier's performance, such as traceability upwards to forest site level, legality, human rights, forest conversion (post 1994), etc, although FSC Controlled Wood requirements covers most of these requirements but still has some gaps.</p>

<p>1.8 The MMCF producer has put in place a grievance procedure.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The grievance procedure prepared for FSC-CoC certification is available also for CanopyStyle as written in its sourcing policy.</p>
<p>1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**</p>	<p>Conformance with Indicator:</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: Same as the grievance procedure, its action plan is prepared for FSC-CoC certification, which is available also for CanopyStyle as written in its sourcing policy. The Company has never received any complaint over its FSC-CoC certification or Canopy-related issues.</p>
<p>1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**</p>	<p>Conformance with Indicator:</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 management staff at the Aboshi Plant are fully aware of the policy and demonstrated its good understanding during interview sessions.</p>
<p>1.11 Each production site managers have developed procedures to implement the Policy, when relevant.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Aboshi Plant has already developed the operating manual for the implementation of</p>

	FSC-CoC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure such as FSC-CoC management manual.
<p>Summary:</p> <p>The Company has established and published a Canopy sourcing policy which applies to the raw material production of Soalon Corporation to produce triacetate fiber.</p> <p>The Company has already developed the operating manual for the implementation of FSC-CoC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure.</p> <p>The Company developed organisational structure and capacity with assigned personnel with responsibility for policy implementation. The management staff are fully aware of the policy and demonstrated its good understanding during interview sessions.</p> <p>The Canopy sourcing policy was communicated to the supplier. However, the Canopy requirements are not included in the procurement agreement nor attached to the agreement as a binding document.</p> <p>The Company has not implemented any monitoring procedures for evaluating supplier's performance, such as traceability upwards to forest site level, legality, human rights, forest conversion (post 1994), etc, although FSC Controlled Wood requirements covers most of these requirements but still has some gaps.</p>	

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 submitted sourcing information form before the audit. The main raw materials are dissolving pulp and acetate within a ratio of 1:0.57.</p> <p>The Company has obtained an FSC-CoC certification. All dissolving pulp purchased carries "FSC Controlled Wood" claim. In the previous year, the company sourced exclusively from Rayonier Advanced Materials, which obtains FSC CW pulp from the Jesup GA Pulp Mill. The mill uses hardwood sourced from Georgia, USA, to produce its pulp products. Since the pulp is FSC CW, there is no material originating from FSC Certified FMU.</p>
2.2 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

<p>on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.</p>	<p><input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company conducted the risk assessment together with Soalon as its buyer based on the evidence gathered from supplier, using Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool. Risk In Daicel's internal study using Forestmapper is negligible. Rayonnier has obtained and been maintaining certifications such as SFI, FSC and FEFC. Daicel purchases only wood pulp that meets FSC controlled wood standard as a raw material for Soalon products. The confirmation letter about the risk assessment was provided by the supplier Rayonier on 28 August 2024.</p>
<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>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Company has identified the supply chain up to the dissolving pulp mill – Rayonnier Jesup mill. The supplier provided the map of its approximate expected range of wood sourcing for Daicel, around 100 miles of radius around Jesup mill, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.</p>
<p>2.4 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company updated the risk assessment in 2024 and shared with Canopy. Observation: It is expected that the supply chain assessment be done for a period of at least one year of sourcing.</p>

<p>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.</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: Currently Daicel has not developed and implemented extra criteria to complement their risk assessment, including legality, human rights, forest conversion (post 1994), etc, although FSC Controlled Wood requirements covers most of these requirements but still has some gaps, especially in relation to the conversion of natural forest where the FSC CW standard (FSC-STD-40-005 V3-1): 1) does not indicate the 1994 cut off; and 2) allows net loss <0.5% per year of natural forest and other naturally wooded ecosystems.</p>
<p>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.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Company is willing to publish its suppliers but has not done so yet. The Organisation purchases material carrying an FSC Controlled Wood, which provides some level, but not full traceability.</p> <p>The supplier information was not provided to customers with a robust track and trace system throughout the supply chain up to clothing and retailers.</p>
<p>Summary:</p> <p>The company submitted sourcing information form before the audit. The main raw materials are dissolving pulp and acetate within a ratio of 1:0.57. The pulp used carries "FSC Controlled Wood" claim.</p> <p>The Company has also used the Forest Mapper, advice note on Ancient and Endangered Forests, and the Dissolving Pulp Classification tool for risk assessment on the supplier.</p> <p>The Company has identified the supply chain up to the dissolving pulp mill – Rayonier Jesup mill. The supplier provided the map of its approximate expected range of wood sourcing for Daicel, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.</p> <p>Currently Daicel has not developed and implemented extra criteria to complement their risk assessment, including: legality, human rights, forest conversion (post 1994), etc.</p> <p>The Company is willing to publish its suppliers but has not done so yet.</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 1994, or post 1994 with a supporting valid FSC certificate.**	<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>FSC Controlled Wood material is not FSC-certified and therefore cannot guarantee the wood does not originate from post-1994 conversion based on the FSC controlled wood standard (FSC-STD-40-005 V3-1).</p> <p>Moreover, they could not identify sourcing sites at forest or plantation level and thus the initial dates of the plantation development shall be confirmed further.</p>

Summary:

According to the company's website, Rayonier had already started its reforestation program in the late 1940s and has since established a sustainable cycle of planting, harvesting and reforestation. However, there is no documented evidence to support this conclusion.

4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated

Indicators	Findings
4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered forests," "intact forest," "natural forest," "endangered species," "controversial sources," "high conservation value," "high carbon area," "peatlands," etc. that are consistent with this document and the forest sourcing policy template.**	<p>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 policy includes those terms but without clear and complete term definitions from Canopy included in this document.</p> <p>The Company policy could update its sourcing policy based on the new template included in CanopyStyle Audit Framework Annexes.</p>
4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p>

<p>sources have been identified and shared with Canopy, with permission to share Leaders Group.**</p>	<p><input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Company has used the Forest Mapper, advice note on Ancient and Endangered Forests, and the Dissolving Pulp Classification tool for risk assessment on the supplier. Based on the classification tool, Rayonier Jesup mill is low risk in terms of “ancient and endangered forests”.</p> <p>On the other hand, the company’s risk assessment did not suggest there is a high risk of being considered controversial sources especially when the material is from FSC controlled wood sources.</p>
<p>4.3 Any raw materials in the MMCF producer’s supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: For any raw material acquired before the Policy was adopted by the Company, they have not identified or confirmed the materials originated from ancient and endangered forests or other controversial sources.</p> <p>The company is fully aware of this requirement that such material with risk will be documented and traced throughout the process.</p>
<p>4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The dissolving pulp is FSC controlled wood from US which requires legality in the country of sourcing. Also, US is considered as low risk of legality based on FSC national risk assessment for controlled wood.</p> <p>There is no information or news indicating that the company’s operation is non-compliant with national and international laws.</p>

	<p>The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including:</p> <ul style="list-style-type: none"> • ISO9001:2015 quality management system; • FSC Chain of Custody; • ISO14001:2015 Environment Management System.
4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**	<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 conducted its risk assessment on supply chain to evaluate the risk of sourcing from ancient and endangered forests and other controversial sources.</p> <p>In addition, the supplier is classified as low risk in the latest Dissolving Pulp Classification Tool.</p> <p>For other controversial sources, it is unlikely that the company is sourcing from these areas because the material is FSC controlled wood which covers a majority of the definitions of controversial sources. However, it cannot be fully verified because information on forest of origin is not secured and old growth hardwood is present in the supplier's sourcing area.</p>
<p>Summary:</p> <p>The Company's policy includes those terms but without term definitions included in this document.</p> <p>The dissolving pulp is FSC controlled wood from US which requires legality in the country of sourcing. Also, US is considered as low risk of legality based on FSC national risk assessment for controlled wood.</p> <p>It is confirmed that the company is at low risk of sourcing from Ancient & Endangered Forests as the supplier is classified as low risk in the latest Dissolving Pulp Classification Tool. For other controversial sources, it is unlikely that the company is sourcing from these areas because the material is FSC controlled wood which covers a majority of the definitions of controversial sources. However, it cannot be fully verified because currently the company only relies on FSC CW certification and additional measures to mitigate the risks that are not covered by the FSC CW standard (on conversion of natural forest) is not yet in place.</p>	
<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</p>	
Indicators	Findings
5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**	<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:</p> <p>The Company has identified the supply chain up to the dissolving pulp mill – Rayonier Jesup mill. The supplier provided the map of its approximate expected range of wood sourcing for Daicel, around 100 miles of radius around Jesup mill, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.</p> <p>The company said, it is working with supplier Rayonier to implement a traceability system to secure the information of forest origin. This system would be rolled out in October 2025.</p>
<p>5.2 The MMCF producer has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found.**</p> <p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input 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>While the Canopy policy has been communicated and agreed by the supplier, it is not included in the contracts as requirements and thus the procedures to deal with non-conformance are not in place.</p>
<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**</p>	<p>Conformance with Indicator:</p> <p> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>There has been no case of identified non-conformance or withdrawal.</p>
<p>Summary:</p> <p>The supplier provided the map of its approximate expected range of wood sourcing for Daicel, around 100 miles of radius around Jesup mill, but it is not detailed to forest level. The specific forest or plantation of harvest remains unclear.</p> <p>While the Canopy policy has been communicated and agreed by the supplier, it is not included in the contracts as requirements and thus the procedures to deal with non-conformance are not in place.</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
6.1 When requested, Canopy, Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	<p>Conformance with Indicator:</p> <p><input 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 confirmed that the leadership group and other stakeholders are welcome to join future verifications as observers though the list of participants shall be shared and agreed in advance.</p>
6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>This indicator is required only when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p> <p>According to the Dissolving Pulp Classification Tool, the Company's supplier Rayonier is low risk of sourcing from ancient and endangered forests.</p> <p>Based on the company's own risk assessment, it is not found that the material originates from ancient and endangered forests either.</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	<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>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><input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: 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 ENGOs.**</p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: This indicator is only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p>
<p>6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**</p>	<p>Conformance with Indicator: <input 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: This indicator is only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p>
<p>Summary: The company confirmed that the leadership group and other stakeholders are welcome to join future verifications as observers though the list of participants shall be shared in advance. Additionally, Canopy was visiting the company during the audit period. Indicator 6.2-6.5 are only required when Company's sourcing has been verified as key priority areas of ancient and endangered forest.</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
<p>7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy,</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable</p>

<p>systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities affected by forest operations.**</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:</p> <p>The Company has developed and expects its supplier to adopt a similar policy, systems, and procedures to implement Free, Prior, and Informed Consent of indigenous people and local communities.</p> <p>Also, the material is FSC controlled wood which can largely cover these requirements.</p> <p>However, these requirements are neither included in the form of binding contract nor the company's procedure for supplier management.</p>
<p>7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input 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 collected sustainability reports from Rayonier for its operation including social impacts.</p> <p>The company sourced only FSC controlled wood material and FSC Controlled Wood sources (including forest managers) contains FSC Core ILO requirements and association policy and therefore can largely cover these requirements. However, Only FSC 100% certification fully meets these requirements.</p> <p>Note: forest level supplier(s) info is not known.</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 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 its own grievance mechanism while its supplier is also FSC-COC certified and supplies only FSC controlled wood materials, which could guarantee the conformance to this indicator as FSC COC certification and FSC Controlled Wood source (including forest managers) require to have such a mechanism for their scope.</p> <p>Note: forest level supplier(s) info is not known.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Labour Union exists at the Company, with its Collective Agreement to fully comply with relevant national labour laws and cover other worker benefits/rights. The workers can join the labour union freely.</p> <p>When facing any issues, the workers can report to the working unit lead, labour union office, administration office or reach out to external third-party hotline if needed. The contact information is posted in the company's internal information system.</p> <p>The supplier as well as the Company is FSC-CoC certified, plus The company sourced only FSC controlled wood material, which could provide a high level of confidence that the workers' rights are recognized and respected, as 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;</p> <p>Note: forest level supplier(s) info is not known.</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 checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p>

	<input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The supplier as well as the Company is FSC-CoC certified, plus the company sourced only FSC controlled wood material, which could provide a high level of confidence that the workers' rights are recognized and respected, as 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; Note: forest level supplier(s) info is not known.</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 supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **</p>	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: <p>The Company and its supplier are FSC-CoC certified and the supplier supplies FSC controlled wood materials only which can demonstrate that human rights are respected by forest/wood suppliers.</p> <p>Since this indicator is also a summary requirement of 7.1-7.5 and therefore is graded as Commitment in progress.</p>
Summary: <p>The Company has developed and expects its supplier to adopt a similar policy, systems, and procedures to implement Free, Prior, and Informed Consent of indigenous people and local communities. However, these requirements are neither included in the form of binding contract nor the company's procedure for supplier management.</p> <p>The pulp is FSC controlled wood which can largely cover human rights, community rights, First Nations rights, rights of workers, ILO requirements.</p>	

8. Development of Innovative and Alternative Fiber

Indicators	Findings
<p>8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources</p>	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met

<p>that reduce environmental and social impacts, such as agricultural residues and recycled fibers.**</p>	<p><input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company has been working with Kyoto University to collectively research the products made of recycling-based materials since 2021. The collaboration agreement was signed in 2021 between two parties, it is unknown about the research progress and if the new technology can be used to produce new alternative fiber.</p>
<p>8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.</p>	<p>Conformance with Indicator: <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: So far, the Company's research program in collaboration with Kyoto University has not successfully developed alternative fiber sources.</p>
<p>Summary: The company has been working with with Kyoto University to collectively research the products made of recycling-based materials since 2021. So far, the Company's research program in collaboration with Kyoto University has not successful developed alternative fiber sources.</p>	

9. Voluntary Advocacy for conservation solutions	
Indicators	Findings
<p>9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests.**</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company has no records of such participation in events exists. However, the company is very new to the CanopyStyle Initiative and therefore has not had opportunities to date.</p>
<p>9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to</p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable</p>

<p>positively impact conservation and development solutions that have the Free, Prior and Informed Consent of affected indigenous and local communities.**</p>	<p> <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: The Company has not been prompted to take such action. However, the Company purchases only FSC controlled wood materials, which could positively influence and affirm conservation and development solutions by the suppliers with FPIC of affected indigenous and local communities. </p>
<p>9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: The Company does not support any of such solutions, targets, nor programs in public yet. </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 <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>Not applicable as this indicator is only applicable to MMCF producers who manager forests.</p>
<p>Summary:</p> <p>The company has no records of such participation in events exists events that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests.</p> <p>The Company purchases only FSC controlled wood materials, which could positively influence and affirm conservation and development solutions by the suppliers with FPIC of affected indigenous and local communities.</p> <p>The Company has not publicly supported science-based international and national target(s) and programs for preserving designated protected and conservation areas.</p> <p>The Company has not developed and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time.</p>	

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 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-CoC certified and deals with FSC controlled wood materials only. The Company has been trying to increase FSC intake or source FSC Mix or even 100% material and has requested its supplier to provide it, but the supplier told them that it was difficult to get forests certified due to the large number of forest owners and extra cost.</p> <p>The company has been continuously informing the supplier of their desire to procure FSC Mix materials and are currently waiting for the supplier to provide with terms regarding quantity and price.</p>
<p>Summary:</p> <p>The Company is FSC-CoC certified and deals with FSC controlled wood materials only. The Company has been trying to increase FSC intake or source FSC Mix or even 100% material. The company has been continuously informing the supplier of their desire to procure FSC Mix materials and are currently waiting for the supplier to provide with terms regarding quantity and price.</p>	

11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses	
Indicators	Findings
11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.	<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 collected the supplier's sustainability reports which include carbon footprint data. However, the company has not developed a procedure to monitor supplier performance in reducing GHG footprint.</p>

<p>11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input 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 only sourced the FSC controlled wood materials which can largely ensure the supplier is not sourcing from tropical peatlands and/or intact forest landscapes.</p> <p>However, the FSC controlled wood is not enough to avoid it completely.</p> <p>The company has not developed a procedure to confirm whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</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>
<p>11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **</p>	<p>Conformance with Indicator:</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 clearly states its preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands. Canopy Dissolving Pulp Classification Tool is also used in monitoring the supplier performance for sourcing from ancient and endangered forests.</p>

	<p>In addition, only FSC controlled wood material is sourced which can help reduce the risk/probability of material from intact forest landscapes or on drained tropical peatlands.</p> <p>However, this cannot be verified as the company's procedure does not include the assessment of supplier on these aspects.</p>
<p>Summary:</p> <p>The company collected the supplier's sustainability reports which include carbon footprint data. However, the company has not developed a procedure to monitor supplier performance in reducing GHG footprint.</p> <p>The Company only sourced the FSC controlled wood materials which can largely ensure the supplier is not sourcing from tropical peatlands and/or intact forest landscapes, but the company has not developed a procedure to confirm whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</p> <p>The Company clearly states its preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands, but this cannot be verified as the company's procedure does not include the assessment of supplier on these aspects.</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>
<p>Summary: Not applicable</p>	

** Indicates Critical Indicators

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

1. Evaluation of Site: Daicel Corporation's Aboshi Plant

Primary Responsible Person: (Responsible for control system at site(s))	Hiroki KARAKANE Senior Manager, Cellulose Marketing, Chemical BU, Material SBU
Auditor(s):	Gaojun Zhao
People Interviewed, Titles:	<ul style="list-style-type: none"> - Shinya UNO, Assistant manager, Quality Assurance, Aboshi plant; - Hisanari MIYAJI, Quality Assurance, Aboshi plant; - Hiroshi OGAWA, Quality Assurance, Aboshi plant; - Kazumi TAMURA, Cellulos Products Division Manager, production department, Aboshi plant; - Shuchi Hironaka, SCM production planning group lead; - Hideaki Tanaka, production planning group head; - Reige Yamamoto, person in charge of production planning.
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments:	Chain Production Company at Aboshi Plant is responsible for procurement 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 Fiber 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 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>

	The management staff at the Aboshi Plant are fully aware of the policy and demonstrated its good understanding during interview sessions.
1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**	<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 mill has been implementing the operating manual for the implementation of FSC-CoC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into existing procedure such as FSC-CoC management manual.</p> <p>The Company said they have been working with supplier Rayonier to develop and implement a traceability system for the raw materials which would be ready in October 2025. After the implementation of this system, the company will update the procedure to cover Canopy requirements.</p>
<p>Summary:</p> <p>The management staff at the Aboshi Plant are fully aware of the policy and demonstrated its good understanding during interview sessions.</p> <p>The mill has been implementing the operating manual for the implementation of FSC-CoC standards. However, there is not specific operational procedure to implement Canopy or integrate the extra Canopy requirements into exiting procedure such as FSC-CoC management manual.</p>	

2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy- and all sourcing from the local site is consistent with the corporate desktop audit.

Indicators	Findings
2.1 The production site/mill maintains all <u>purchase and sales</u> , documentation related to the wood fiber <u>inputs</u> .	<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 Aboshi plant maintained all purchase and sales documents related to dissolving pulp. They</p>

	<p>are also be submitted for the purpose of FSC-CoC certification audit.</p> <p>The purchase documents from supplier Rayonier were sampled and checked, including commercial invoice and contract.</p> <p>The sales documents to Soalon were also sampled and checked, including purchase order, order confirmation, delivery note, payment request note, etc.</p> <p>The mill also maintained the detailed statistics and summary of input and output. From April 2024 to March 2025, 3585 tons of pulp was purchased, before that there was 672 tons was in stock, after that it was 1006 tons. During this period, 5190 tons triacetate was produced. The records of April 2025 were sampled and checked, when 197 tons pulp was used and 290 tons triacetate was produced.</p>
2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u> .	<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 mill maintains the delivery documents in the the Company logistics within the plant premise. The documents of dissolving pulp receiving in April 2025 were sampled and checked.</p>
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.	<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 dissolving pulp entering the mill aligns with and is identified within the Company's supply chain assessment.</p> <p>The mill only uses FSC controlled wood pulp from the supplier Rayonier based in USA for Soalon Corporation, the only customer in viscose sector which is confirmed During the tour and interview in the dissolving pulp warehouse and traceability records review, while they used pulp from other suppliers for non-viscose/textile sector.</p>

<p>2.4 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The certification code and claim are included on the commercial invoice and packing list from the supplier and recorded in a summary to be submitted for the purpose of FSC-CoC certification audit. The purchase documents from Rayonier were sampled and reviewed, e.g. commercial invoice and contract from this supplier for April, 595 tons, FSC Controlled Wood 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> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The dissolving pulp purchased is FSC controlled wood. The summary of annual purchase is prepared and also evaluated during FSC-CoC certification process. The accuracy of the summary was verified by the auditor through sampling check of the purchase and material receiving documents.</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> <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 delivery notes from the company carry FSC certificate code, FSC controlled wood claim according to their FSC procedures. The delivery note does not include the forest/plantation of origin given it is unknown from upstream supplier.</p>
<p>Summary: The Aboshi plant maintained all purchase and sales documents related to dissolving pulp.</p>	

The mill also maintained the detailed statistics and summary of input and output.
The mill maintains the delivery documents in the Company logistics within the plant premise. The documents of dissolving pulp receiving in March 2025 were sampled and checked.
The summary of annual purchase is prepared and also evaluated during FSC-CoC certification process.
The delivery notes from the company carry FSC certificate code, FSC controlled wood claim according to their FSC procedures. The delivery note does not include the forest/plantation of origin given it is unknown from upstream supplier.

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>According to the company's website, Rayonier had already started its reforestation program in the late 1940s and has since established a sustainable cycle of planting, harvesting and reforestation. However, there is no documented evidence to support this conclusion.</p> <p>In addition, FSC Controlled Wood material is not FSC-certified and therefore cannot guarantee the wood does not originate from post-1994 conversion based on the FSC controlled wood standard.</p> <p>Moreover, they could not identify sourcing sites at forest or plantation level and thus the initial dates of the plantation development shall be confirmed further.</p>
<p>Summary:</p> <p>According to the company's website, Rayonier had already started its reforestation program in the late 1940s and has since established a sustainable cycle of planting, harvesting and reforestation. However, there is no documented evidence to support this conclusion.</p>	

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	<p>Conformance with Indicator:</p>

<p>and there is no evidence of non-compliance, with local, national or international laws.**</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>There is no information or news indicating that the company's operation is non-compliant with national and international laws.</p> <p>The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including:</p> <ul style="list-style-type: none"> • ISO9001:2015 quality management system; • FSC Chain of Custody; • ISO14001:2015 Environment Management System.
<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 <i>outlined in the Advice Note</i> and from controversial sources.</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 mill's management staff understands the definitions of Ancient and Endangered forests and controversial sources.</p> <p>However, given the forest of origin is unknown and the company did not assess controversial sources, it is unknown if the material comes from controversial sources or Ancient and Endangered forests, although the Dissolving Pulp Classification Tool suggests the supplier is low risk in Ancient and Endangered forest.</p>
<p>4.3 Production mills have conducted assessment of presence of Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources in their wood supply areas.</p>	<p>Conformance with Indicator:</p> <p> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>The assessment was conducted by the company's management office. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>

4.4 The sourcing from regions that contain Ancient and Endangered forests, as *outlined in the [Advice Note](#)* and other controversial sources, is verified to be low risk by this CanopyStyle audit.

Conformance with Indicator:

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

Description of the finding:

The assessment was conducted by the company's management office. Detailed findings please refer to indicator 2 and 4 under Appendix A.

Summary:

There is no information or news indicating that the company's operation is non-compliant with national and international laws. Also, the company holds a number of third-party certificates, most of which covers the compliance with applicable law, including ISO 9001, 14001 and FSC certificate.

The mill's management staff understands the definitions of Ancient and Endangered forests and controversial sources. However, the forest of origin is unknown and the company did not assess controversial sources.

The risk assessment was mainly conducted by the company's management office.

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
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>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Supplier performance monitoring program was conducted by the company corporate office and shared with the mill.</p>

Summary:

Supplier performance monitoring program was conducted by the company corporate office and shared with the mill.

Appendix C: RECOMMENDATIONS FOR IMPROVEMENT

Canopy applauds Daicel Corporation for completing their second CanopyStyle audit. The report concludes that the company has low risk of sourcing from priority Ancient and Endangered Forests and other controversial sources.

The CanopyStyle audit is a learning opportunity, and in the spirit of progressive improvement, and based on the review of the audit report, Canopy recommends the following next steps:

1. Continue to deepen the understanding of Daicel's commitment to avoiding sourcing from Ancient and Endangered forests, both internally, and with supply chain partners; in particular, collect more information from suppliers on forest of origin to ensure no old growth hardwood is entering the supply chain.
2. Develop Canopy-oriented standard operating procedures and include Canopy requirements in supplier contracts as binding requirements, along with engagement and withdrawal procedures in the case of violation;
3. Develop a strategy to increase the use of FSC Mix and FSC 100% (note that Controlled Wood is not considered as certified).
4. Work with supplier to determine the dates plantations were established in its sourcing area.
5. Work with Canopy and Soalon Corporation to explore the use of Next Generation Fibres to replace forest fibre used, and develop an action plan to integrate them into production.

We recommend that the company develop an action plan to address these priority issues, so that they can be addressed before the next annual audit. As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will be essential to ensure that Daicel continues to implement their policy and meets the expectations of the CanopyStyle Initiative. Once again, we commend Daicel Corporation undergoing and completing the audit and for achieving low risk of sourcing from Ancient and Endangered Forests in its supply chain. We look forward to working collaboratively with Daicel to address any outstanding issues.