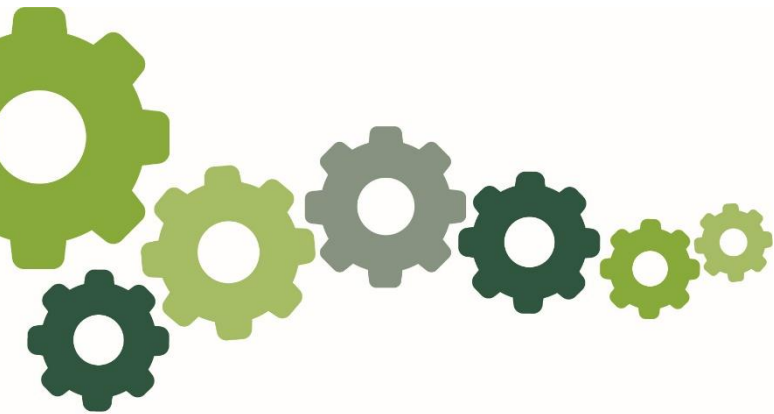




CanopyStyle Audit Report

for Tangshan Sanyou Group Xingda Chemical Fibre Co.,Ltd

Assessment 2025

Evaluation date: 3-Nov-2025

Report date: 28-Jan-2026

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

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

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

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

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

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

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

1. GENERAL DESCRIPTION

1.1 Company overview

Tangshan Sanyou Group Xingda Chemical Fibre Co. Ltd is one of the worlds' five largest manufacturers of man-made cellulosic fibre by production capacity. It is a subsidiary of Tangshan Sanyou Group, which owns 13 subsidiary companies, such as Alkali Industry, Sanyou Chemical, Sanyou Chlor-alkali, Sanyou Silicon, etc, and its main products are soda ash, viscose staple fibre, and PVCs, etc.

The Company owns a sub-company - Tangshan Sanyou Yuanda Chemical Fibre Co. Ltd, two manufacturing mill sites - Xingda mill and Yuanda mill, both located in Tangshan city, China. The total annual productivity is 800,000 tons, products include high whiteness fibre for non-woven, color fibre, modal fibre, fine denier fiber (1.2D*38mm) and bamdal fibre, etc. The Company is FSC CoC certified (SGSHK-COC-330228), also certified against ISO 9001, ISO 14001, OHSAS, EU BAT, STeP, RCS and OEKO-TEX.

The company has been participating in the CanopyStyle Initiative since 2015 and underwent first audit in December 2016.

Two mills:

Xingda Mill

There are 1,311 employees working in the factory. The facilities are equipped with totally automated process control systems, and consists of 5 lines with a total designed production capacity of 200,000 t/a. The Company is also processing anhydrous sodium sulfate which is widely used in the detergent, glass, textile dyeing, and pulp and paper industries in the domestic as well as international market.

Yuanda Mill

There are 3,582 employees working in the factory. The facilities are equipped with totally automated process control systems, and consists of 6 lines with a total designed production capacity of 600,000 t/a. The Company is also processing anhydrous sodium sulfate which is widely used in the detergent, glass, textile dyeing, and pulp and paper industries in the domestic as well as international market.

1.2 Company scope (sites, locations, etc)

Name/Description of sites	Location
Tangshan Sanyou Group Xingda Chemical Fiber Corporate Office	North Rongda Road, East Chuangye Road, Nanpu Development Zone, Tangshan city, Hebei Province, China
Xingda Mill	North Rongda Road, East Chuangye Road, Nanpu Development Zone, Tangshan city, Hebei Province, China
Yuanda Mill	West side of Hope Road, Nanpu Development Zone, Tangshan city, Hebei Province, China

1.3 Company sourcing policy

The Company made a public commitment to promote sustainable forest management and conserve ancient and endangered forests (effective from Oct 2022), and committed to:

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

The Fibre Procurement Policy was updated and posted on the company's website:

https://www.ts-sanyou.com.cn/content/details_15_33.html

2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	☐ Single	☒ Multi-site
Input Material Source:	☒ Listed in supplier CoC form	☐ Other suppliers
Majority Fiber Input:	Filament yarn: 100% dissolving pulp Staple fiber: 100% dissolving pulp Lyocell staple fiber: 100% dissolving pulp	
Map of Ancient and Endangered Forests Overlay Completed:	☒ Yes	☐ No Comments:
Mill Capacity:	Designed capacity: 800,000 T/Y (Xingda mill:200,000 T/Y, Yuanda mill: 600,000 T/Y) Actual capacity: 620,000 T/Y (Xingda mill: 150,000 T/Y, Yuanda mill: 470,000 T/Y)	
Primary Activity:	Filament yarn, Staple fiber and Lyocell staple fiber production	
Outsourcing:	☐ FSC-certified subcontractors	☐ Non-certified subcontractors
	☐ Outsourcing of the complete production process	
	☐ High risk subcontractor site(s) included	
	☒ No outsourcing	
Workforce:	Permanent male:	Permanent female:
	Contract male: - Xingda:1006 - Yuanda:2469	Contract female: - Xingda:305 - Yuanda:1113
	TOTAL: 3475	1418

Sites included in evaluation	Location
Tangshan Sanyou Group Xingda Chemical Fibre Co.,Ltd	North Rongda Road, East Chuangye Road, Nanpu Development Zone, Tangshan city, Hebei Province, China
Tangshan Sanyou Group Yuanda Chemical Fibre Co.,Ltd	West side of Hope Road, Nanpu Development Zone, Tangshan city, Hebei Province, China

3. EVALUATION PROCESS

3.1 Audit Team

Auditor name(s)	Qualifications
Zhou Peiying	Sustainability Specialist; CanopyStyle auditor; Qualified LegalSource auditor; PbNC certificate auditor; Completed the FSC CoC expert course; Experienced in mainstream sustainability practises including sectors of pulp/paper, textile and timber, etc. Rich experience in timber legality related projects, especially in EUTR/EUDR, FLEGT Action Plan (VPAs) related activities, as well as also provides advisory services to clients in the forest-impact sector to support them in sourcing legal and responsible sources. Adequate knowledge and understanding in international timber legality requirements

3.2 Audit Overview

Site(s)	Audit type	Audit date	Total on-site audit time (Hours)
Corporate Office	On-site	3 Nov, 2025	4 h
Viscose mill 1 (Xingda)	On-site	3 Nov, 2025	4 h
Viscose mill 2 (Yuanda)	On-site	3 Nov, 2025	4 h

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

3.3 Description of Overall Audit Process

Desktop audit to the corporate office:

The audit officially started in September 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 such as sourcing policy, organizational chart in implementing the policy, standard operation manual, contracts with suppliers, communication with suppliers on sourcing requirements, risk assessments with evidence for all suppliers, procurement data, sales data, update on innovative and alternative fiber, evidence on conservation, evidence on social issues from suppliers, etc within this reporting period.

During the initial review phase, auditor detected that the purchasing data provided was not at a sufficient level, i.e. only provided a few purchasing data, therefore, auditor asked for more detailed purchasing documents samples from all declared suppliers. The company provided the required documentation later.

On 03-November-2025, the auditor conducted the on-site audit at the corporate office, with the presence of management representative and the key staff from relevant departments from the corporate office. During the opening meeting, the objective and scope of the audit, agenda, conflict of interest (COI) issues, etc were communicated. The management representative gave a brief introduction of the company and operation activities and the efforts made on Canopy sourcing policy. The auditor then shared major findings from reviewing the documentation.

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

After interview with management, auditor echoed on the pre-evaluation feedback for the 1st batch documents provided from the company and also reviewed additional documents such as business licenses of the company, the mills, environmental impact assessment, procedure related to ILO's declaration on fundamental principles and rights at work, etc. ,

Then, the auditor toured the company's 2 mills including the production line(s) and warehouse(s). When touring the warehouse(s), the auditor checked on the mill's input and output records, storage for the pulp in use.

Note: the warehouse point of contact of Xingda mill who is in charge of the in and out records was out of office on 03-November-2025, a remote interview was conducted later.

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

The closing meeting was held on the end of the same day. The auditors gave a summary of the -audit, raised issues and acquired for additional further information within two weeks' time after the meeting. The Company provided further required additional documentation at a later stage as well as responded to some of the major concerns related to sourcing info, alternative fiber R&D, procurement documents on pulp. For details, please refer to the report findings.

Participants of the on-site audit from the company:

- Mr. Zhang Huanman, Supplying Department
- Mr. Zhang Dongbin, General Manager
- Mr. Li Tao, Production
- Mr. Li Baikuan, Supplying Department
- Mr. Zhang Shuo, R&D
- Ms. Yin Hongyan, HR
- Ms. Zhang Nan, Warehouse

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

The Company has developed and has been implementing the sourcing policy in line with CanopyStyle initiative and communicated this policy with all suppliers. A standard operation procedure (SOP) has been developed to implement the Policy as well as monitor on the suppliers' performance. The standard operation procedure is developed by the HQ and shared with the mills.

The Company has also developed capacity as well as organizational structure in implementing the Policy. Top-management team as well as the production site managers are aware of the Policy and could demonstrate how they implement to this commitment.

During the audit period, the Company provided several training sessions to the staff at different levels.

The Supplying Department is responsible for document collection, communication with the suppliers. The pulp suppliers list was made publicly on the Company's official website and the Company has agreed to share the risk assessment of suppliers with the Leaders Group.

The Canopy sourcing policy has been communicated to the suppliers.

The Company has completed the internal risk assessments to its supply chains with the support from ForestMapper, advice note on Ancient & Endangered forests, Dissolving Pulp

Classification Tool as well as evidence collected from all suppliers. In the meantime, the suppliers list has been publicly published on the Company's website.

The Company has required its 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.

The Company has been working with innovative companies and suppliers in developing viscose fiber product by using recycled fibers. Those innovative products have been entering into market.

Areas for Improvement:

The company communicated with all suppliers using a communication letter. This letter clearly mentioned on the definition of Ancient and Endangered Forest but with an unclear mention of other controversial sources. Some suppliers directly replied with a signed letter using the communication letter format. Some suppliers provided their own statement or declaration on sourcing with a focus replying on certification.

The purchasing contracts with all current suppliers do not fully include the Policy and ILO's Declaration on Fundamental Principles and Rights at Work

The company provided the sourcing information form which included information such as pulp mill name, volume and percentage from each pulp supplier, species info, and certification status of purchased pulp. Some suppliers disclosed their forest level info to a detailed manner where sourcing areas are identified, some disclosed up to sub-regional/country level, some didn't reveal their forest level info.

Company tried to evaluate the supply chain risks using additional criteria to complete their risk assessment to evaluated/control the risk of purchasing pulp, including risk of legality, violation of human and conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism etc.

The Company has given preference on FSC intake, however, it should be noted that at present only 0.23% of their volume comes from FSC 100%, and 11.75% from FSC Mix (see Table 4.3 below). No action plan was provided during the audit.

Canopy shared an advice note (effective 1 June 2019) that introduces a new tool (Dissolving Pulp Mill Classification) to be used in addition to the Forest Mapper when conducting risk assessments for sourcing from ancient and endangered forests. The new tool outlines commonly used dissolving pulp mills and a determination of risk considering priority ancient and endangered forests. Below please find the results comparison between the company internal risk assessment conducted for this auditing period and the Canopy Dissolving Pulp Classification Tool:

Comparison between the Company's risk assessment results and Canopy Dissolving Pulp Classification Tool:

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
Södra	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
Caima	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified

		based on current information and/or CanopyStyle Audit.
AustroCel	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit. However, the mill has lost its FSC certificate and cannot sell FSC-certified products.
International Paper (Port Wentworth mill)	Grade A: no sourcing risk	In proximity to habitat of species at risk.
AVC(Birla AV cell) Atholville Mill & AVN(Birla AV cell) Nackawic Mill	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
ARAUCO (Valdivia mill)	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
Lenzing Paskov mill	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
Rayonier Fernandina Mill & Jesup Mill	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
Domsjo	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
Cellulose Nipo-Brasileira (CENIBRA)	Grade A: no sourcing risk	No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.
Shandong Sun Paper (Yanzhou & Honghe)	Grade A: no sourcing risk	Sourcing areas unknown, risk may be present.
Sun Paper (Laos)	Grade A: no sourcing risk	In a region that contains IFL and where deforestation is a threat. Further sourcing information and/or auditing required.
Hunan Juntai New Material Technology Co., Ltd.	Grade A: no sourcing risk	No information available. Risk may be present.
Fujian Qingshan	Grade A: no sourcing risk	No information available. Risk may be present.

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 Met</i>
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	<i>Commitment Met</i>
	1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	<i>Commitment Met</i>
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	<i>Commitment in Progress</i>
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	<i>Commitment in Progress</i>
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	<i>Commitment Met</i>
	1.8 The MMCF producer has put in place a grievance procedure.	<i>Commitment Met</i>
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	<i>Not Applicable</i>
	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	<i>Commitment Met</i>
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	<i>Commitment Met</i>

2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	2.1 The MMCF producer identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. It also includes information about what volumes have FSC claims (i.e., FSC Mix, FSC 100%, FSC controlled wood). Where traceability is known, specify the FSC Certified FMU.	<i>Commitment in Progress</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>Commitment in Progress</i>

	4.3 Any raw materials in the MMCF producer's supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills. **	<i>Not Applicable</i>
	4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **	<i>Commitment Met</i>
	4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **	<i>Commitment in Progress</i>
5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	5.1 All MMCF producers' suppliers are identified and the forest of origin is known. **	<i>Commitment in Progress</i>
	5.2 The MMCF producer has developed procedures for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. ** (Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)	<i>Commitment Met</i>
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	<i>Not Applicable</i>
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 When requested, Canopy, the Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	<i>Not Applicable</i>
*If 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 planning and FSC certification themselves)	6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **	<i>Not Applicable</i>

	6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **	<i>Not Applicable</i>
	6.4 The MMCF producer requires of its supplier to have developed a management 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>
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 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	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>

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 in Progress</i>
	7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.	<i>Commitment in Progress</i>
	7.5 The MMCF producer has developed procedures to ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.	<i>Commitment in Progress</i>
	7.6 Recognition and respect for human rights is demonstrated by the MMCF producer's forest/wood suppliers. There is no evidence of continuing to source from a forest/wood supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **	<i>Commitment in Progress</i>
8. Development of Innovative and Alternative Fiber	8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers. **	<i>Commitment Met</i>
	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 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 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 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	12.1 * This verification process <u>will not</u> verify the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality. Canopy expects MMCF producers to invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process), and to implement the ZDHC new viscose guidelines available at https://www.roadmaptozero.com/post/zdhc-	<i>Not Applicable</i>

	man-made-cellulosic-guidelines-released	
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4.3 Volume Summaries⁵

Reporting period: 1-Feb-2024 to 31-Jan-2025

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	145405	22.77%
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	75000	11.75%
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).	1500	0.23%
Non-FSC	Material received with no FSC claim.	409657	64.15%
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	7000	1.10%

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

1. Evaluation of Corporate Sourcing: Tangshan Sanyou Group Xingda Chemical Fibre Co.,Ltd

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Zhang Huanman, Supplying Department
Auditor(s):	Zhou Peiying
People Interviewed, Titles:	Mr. Zhang Dongbin, General Manager Mr. Li Tao, Production Mr. Li Baikuan, Supplying Department Mr. Zhang Shuo, R&D Ms. Yin Hongyan, HR
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments: The Company's Corporate Office is responsible for development and enforcement of the company sourcing policy and purchasing raw materials for the mill.	

⁵ The volume summary is provided by the organization.

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.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company made a public commitment to promote sustainable forest management and conserve ancient and endangered forests (effective in 2015). The Fibre Procurement Policy has been updated and signed based on the latest version of the fiber policy issued from Canopy on Oct 2022 and posted on the website: https://www.ts-sanyou.com.cn/content/details_15_33.html The interview with the executive and key managers confirmed senior management team were well informed the definition of ancient and endangered forests and other controversial sources and were fully committed to implement Canopy purchase policy.
1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company has developed the operating manual [<i>Dissolving Pulp Procurement Manual for the Supplying Department</i>] for the implementation of Canopy sourcing policy Pulp

	Procurement Policy Manual, where the suppliers are subjected to the monitoring and evaluation from the company. The operating manual is composed of several segments including: organizational chart for implementing the policy, responsibilities of related personnel, management standard for both dissolving pulp suppliers as well as forests of origin, dissolving pulp supplier evaluation standard, procedures on dealing with complaints. The operating manual is available upon request to the stakeholders.
1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Mr. Zhang Dongbin, General Manager, has the overall responsibility for sourcing policy implementation. According to the operating manual for the implementation of Canopy sourcing policy, the whole company is encouraged and required to taking part in fulfilling the commitment on the implementation of the fiber procurement policy, among which the Supplying Department, as a major role, is assigned and responsible for the implementation of the policy. The responsibility of implementing the policy is included in Company structure and responsibility division.
1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company's organizational structure for implementation of policy has been shared with the auditor. Please refer to 1.3 for more findings.

	Interviews found all relevant staff (e.g. General Manager, Representative from the Supplying Department) were aware of Canopy policy and their responsibility.
1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The interview with the Supplying Department showed that the company had communicated the commitment to all their suppliers. The company provided a communication letter to all suppliers. Note that the communication letter clearly mentioned on the definition of Ancient and Endangered forest but with an unclear mention of other controversial sources. Birla AV Cell, Domsjo, AustoCel Hallin, Rayonier, Arauco, Sun Paper, Juntai, Fujian Qingshan directly replied with a signed letter using the communication letter format. Other suppliers like Lenzing Paskov, Sodra, International Paper, Caima provided their own statement or declaration on sourcing with a focus on the mention of relying on certifications. Considering that the communication from the company didn't clearly mention on the definition of other controversial source, and the reply from the suppliers also not all covering both ancient and endangered forests as well as other controversial sources, this indicator is graded as Commitment in Progress.
1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met

	☐ Insufficient Information Available Description of the finding: The company signs contracts with suppliers in 2 ways, i.e. directly with the supplier (domestic pulp suppliers) as well as indirectly through their own trading company in HK SAR, China for overseas pulp procurements. By checking on the contract samples, it's found that all contracts signed between the Company's own trading company in HK SAR and the Company's mill in Chinese mainland included requirements to implement the Policy, while when it comes to the contracts signed between the pulp supplier/overseas traders and the Company's own trading company in HK SAR, not all of them included with such requirements, such as AustroCel Hallin, Caima, Birla AV Cell The contracts directly signed between the pulp suppliers and the Company have included the requirements on implementation of the Policy. The company did not provide the new purchasing contract template.
1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company developed the supplier performance monitoring procedure compiled in the <i>Dissolving Pulp Procurement Manual</i> for suppliers, including dissolving pulp supplier management standard, dissolving pulp supplier evaluation standard, and forest management standard, etc. Within these standards, monitoring frequency, monitoring methods (documentation collection, ForestMapper, Dissolving Pulp Classification Tool, etc). Based on the procedure, the supplier must comply with Canopy requirement and only supplier graded with non-high-risk level will be accepted. The performance of active suppliers has been being monitored annually. All suppliers are graded as one of the 4 categories: – Grade A: no sourcing risk – Grade B: suppliers that cannot be identified with sourcing risk but are sure that there is no known risk and

	further info is needed for more clarification. For Grade B suppliers, appropriate measures shall be taken to help them convert into Grade A. – Grade C: suppliers identified with known risk. Action plans will be developed to help them convert into and/or get close to Grade A. – Grade D: suppliers identified harvesting from high profile areas. Cooperation to be put on hold with below considerations: i. Whether collaborate with Canopy and/or any independent local community / stakeholders to develop science-based conservation options Whether implement time-bound action plans which are aiming at addressing and mitigating the identified risks. There has been no supplier detected as high risk supplier since last audit, according to the company's own risk assessment. The monitoring results are concluded based on the documents collected from the suppliers as well as other tools such as Forest Mapper and the Dissolving Pulp Classification Tool.
1.8 The MMCF producer has put in place a grievance procedure.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The grievance procedure has been compiled into the <i>Dissolving Pulp Procurement Manual</i>, which is provided to the auditor. According to the grievance procedure, any complaint/ grievance can be submitted to the company via email. Once the complaint/ grievance is received, responsible personnel (designated from the Supplying Department) will take care of as well as document the complaint/ grievance and report to the management team. The management team will conduct investigation and provide feedback/solution/action plan. The performance of the solution will also be provided, in addition. The company is FSC certified which requires a grievance procedure as well.

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: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: No complaints have been received, and no non-conformities have yet been recognized during the time scope of this audit, according to the company.
1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Several trainings were taken place on the policy and Canopy requirement before the audit between May and Jul 2024 at different departments and they are Production, Supplying Department, Sales Department, Warehouse. The interview with key managers (i.e. General Manager of the company) confirms that they are aware of the policy and are implementing it.
1.11 Each production site managers have developed procedures to implement the Policy, when relevant.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The management operational manual developed by the group headquarters is shared with the viscose mills. Interview with the key managers confirmed that they are aware of and implementing the management operational manual
Summary: The Company has developed a fibre sourcing policy with supporting procedures for implementation of Canopy requirements and conducted training. The sourcing policy is made available on the company's website and communicated to the dissolving pulp suppliers. Capacity and organizational structure were established to ensure the implementation.	

The company communicated the sourcing requirement to all suppliers. But not all contracts are carrying the sourcing requirements.

The company has developed and implemented the internal control procedure for dissolving pulp sourcing for the implementation of Pulp Procurement Policy, where the suppliers are subject to the monitoring and evaluation from the company.

Interview with the key managers showed that not all relevant managers are aware of the policy and are implementing it.

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.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company has identified all raw material inputs by volume as required. The company provided the sourcing information form which includes information such as suppliers' info (including trader), percentage of total input from each pulp supplier, species info, forest origin (up to regional / country level), volume info, certification status of purchased pulp, output product name, etc. The dissolving pulp mills as well as traders on the supply chain are identified. The supply chains are mapped back to sub-regional or country level, However, FMUs' info is not provided. Samples checking on the dissolving pulp procurement from all pulp suppliers/agents matched the declaration provided in the sourcing information form.
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.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company conducted the risk assessments to all suppliers within the reporting period by combining the information collected from suppliers, using ForestMapper as well as the Dissolving Pulp Classification Tool to define whether there are A&E forests involved in sourcing. The company also expanded the evaluation criteria with additional criteria including:

	- whether CITES species are involved - whether timber is from countries that are under sanctions - Whether conflict timber is used - Whether GMO species is used - Whether timber is from plantation that is converted from natural forests - Whether human rights of communities are recognized, respected and upheld - Whether efforts are taken in reducing GHG reduction The risk assessment results for all suppliers are provided to the auditor.
2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: All pulp suppliers are disclosed in the Sourcing Information Form for this reporting period. Some suppliers disclosed their forest level info to a detailed manner where sourcing areas are identified, some disclosed up to sub-regional/country level, some didn't reveal their forest level info. Below is a summary on the supply chain disclosure. Following suppliers provided sourcing info maps: - Caima (by using the ForestMapper, it's seen there are A&E forests overlapped in the provided region) - Rayonier (by using the ForestMapper, it's seen there are A&E forests overlapped in the provided regions. The sourcing maps provided were the info back in 2016 and 2019). - Fujian Qingshan (by using the ForestMapper, it's seen there are no A&E forests overlapped in the provided region, but the year info of the sourcing map is not known.) - Hunan Juntai (by using the ForestMapper, it's seen there are no A&E forests overlapped in the provided region, but the year info of the sourcing maps is not known. In addition, for one region, sourcing map only provided at the sawmill level, not forest of origin). - Sun Paper < Honghe, Yanzhou>(by using the ForestMapper, it's seen there

	are no A&E forests overlapped in the provided region) - Sun Paper (Laos) (by using the ForestMapper, it's seen there are A&E forests overlapped in the provided region) Note: for Sun Paper Honghe and Laos, the sourcing maps provided were the info back from 2009. - Sodra (by using the ForestMapper, it's seen there are no A&E forests overlapped in the provided region) - Cenibra (by using the ForestMapper, it's seen there are A&E forests overlapped in the provided region) - Domsjo ((by using the ForestMapper, it's seen there are no A&E forests overlapped in the provided region) AVC and AVN (by using the ForestMapper, it's seen there are A&E forests overlapped in the provided region) Following supplier disclosed supply chain up to sub-regional level or county level. International Paper (up to county level and by using the ForestMapper, it's seen there are A&E forests overlapped in the provided region) Arauco (no map, mention of sub-regional level, and by using the ForestMapper, it's seen there are A&E forests overlapped in the provided region) Below suppliers didn't provide sourcing maps - AustroCel Hallin - Lenzing Paskov In addition, by checking upon all the purchasing documents, there are no trade and transport documents provided from the forest(s) level. Since no forest(s) of origin info is provided, this indicator is graded as Commitment in Progress.
2.4 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding:

	The company updates its assessment annually. During this year's audit, evidence and assessments for the reporting period were provided to the auditor. Auditor also checked the assessment and evidence provided from 2023. The company is also open to sharing this information with the Leaders Group. The assessment and evidence collected for this year's assessment had been shared with Canopy.
2.5 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human risks and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Regarding whether there are other controversial sources supplied, the company replied mainly on certification, public sources info on sustainability efforts, such as sourcing policies, code of conducts, annual reports, etc as supporting documents to evaluate those additional criteria. According to the risk assessment, all suppliers are low risk in those additional criteria. However, there are no specific description on the justification on how the company got the conclusion for every additional criteria.
2.6 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company has published its updated suppliers on its website: https://www.ts-sanyou.com.cn/content/details_15_358.html
Summary: The company provided the sourcing information form which included information such as pulp mill name, volume and percentage from each pulp supplier, species info, and certification status of purchased pulp. Some suppliers disclosed their forest level info to a detailed manner where sourcing areas are identified, some disclosed up to sub-regional/country level, some didn't reveal their forest level info. Company tried to evaluate the supply chain risks using additional criteria to complete their risk assessment to evaluated/control the risk of purchasing pulp, including risk of legality, violation	

of human and conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism etc.

The Company had shared the assessment with Canopy, and with permission to share with the Leaders Group.

The Company has published its updated supplier list on its website, including the suppliers used for this reporting period.

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.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: No solid evidence provided from the Company as well as from the suppliers, except their FSC or PEFC certificates. Since there are PEFC certified, FSC Controlled Wood, FSC Mix certified, FSC 100% certified as well as non-certified materials were supplied to the Company, this indicator is graded as Commitment in Progress. Kindly note: - The only forest certification which guarantees no conversion after 1994 is FSC 100%. - PEFC certification at the forest level or in the supply chain does not preclude material originating from plantations. - FSC controlled wood does not necessarily exclude material originating from plantations established after 1994. - FSC Mix Credit pulp, some portion of the supplier's procurement would originate from FSC-certified forests, which meet this requirement. However, some portion would originate from as controlled material, which does not necessarily preclude sourcing from plantations established after 1994. - For the non-certified pulp, no information on origin was provided, therefore there is insufficient evidence to determine that this material does not originate from plantations established after 1994.
Summary:	

No solid evidence provided from the Company as well as from the suppliers, except their FSC or PEFC certificates.

Since there are PEFC certified, FSC Controlled Wood, FSC Mix certified, FSC 100% certified as well as non-certified materials were supplied to the Company, this indicator is graded as Commitment in Progress.

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.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company's policy and procedures incorporate the CanopyStyle framework definitions of ancient and endangered forests, intact forests, and controversial sources.
4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company's internal risk assessments or supplier evaluation form to all suppliers have included identifying ancient and endangered forests as well as controversial sources requirements. All pulp suppliers are disclosed in the Sourcing Information Form for this reporting period. Some suppliers disclosed their forest level info to a detailed manner where sourcing areas are identified, some disclosed up to sub-regional/country level, some didn't reveal their forest level info. According to the company's own risk assessment, all suppliers are graded as Grade A_no sourcing risks. According to the latest Dissolving Pulp Mill Classification Tool, Most of the pulp suppliers are graded as No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit except:

	- International Paper: In proximity to habitat of species at risk. - Shandong Sun Paper (Yanzhou & Honghe): Sourcing areas unknown, risk may be present. - Sun Paper Laos: In a region that contains IFL and where deforestation is a threat. Further sourcing information and/or auditing required. - Hunan Juntai New Material Technology Co., Ltd: No information available. Risk may be present. - Fujian Qingshan: No information available. Risk may be present. Please refer to indicator 2.3 for more details. Regarding whether there are other controversial sources supplied, the company replied mainly on certification, public sources info on sustainability efforts, such as sourcing policies, code of conducts, annual reports, etc as supporting documents to evaluate those additional criteria. According to the risk assessment, all suppliers are low risk in those additional criteria. However, there are no specific description on the justification on how the company got the conclusion for every additional criterion. Auditor sampled 3-6 sets of purchasing documents from each pulp supplier (using the square root method based on the procurement order numbers) to verify against the declared sourcing information provided from the company and below are the findings: - FSC Mix certified pulp supplied from Sodra; - FSC Controlled Wood claimed pulp supplied from Caima, Lenzing Paskov, Rayonier (Jesup and Fernandina mill); - PEFC certified pulp supplied from AustroCel Hallin; - Non-certified pulp supplied from International Paper, AVC, AVN, Domsjo, Sun Paper (Yanzhou mill, Laos mill), Hunan Juntai New Material Technology; - Both FSC Controlled Wood claimed pulp and FSC Mix certified pulp supplied from Arauco (Valdivia mill); Note: Arauco has had conflict with local and Indigenous communities in Chile due to
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	logging and plantations on their customary lands. – Both FSC Controlled Wood claimed pulp and non-certified pulp supplied from Cenibra; – Both FSC Mix certified and non-certified pulp supplied from Sun Paper (Hong He mill); – Both FSC 100% and non-certified bamboo pulp supplied from Fujian Qingshan. Given that non-certified materials (64.15% of volume) were purchased from the Company, not all supplier disclosed on forest level info, as well as not all suppliers are graded as no sourcing issues according to Canopy's Dissolving Pulp Mill Classification Tool, this indicator is graded as Commitment in Progress.
4.3 Any raw materials in the MMCF producer's supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The policy was signed and adopted outside of the reporting period.
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.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The interviews to the management confirmed they were aware all relevant laws and regulations. Auditor reviewed the legally required documents in China, such as business licence, environment impact assessment, export license, etc. There is no news and info disclosed that the organize is non-compliance with national and international laws. The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including: • ISO9001:2015 quality management system

	- FSC Chain of Custody - ISO14001:2015 Environment Management System - ISO45001: 2018 Occupational Health and Safety Management System - STANDARD 100 by OEKO-TEX® testing and certification system.
4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company has conducted internal risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources. However, not all suppliers can be verified as low risk. Note findings from 4.1-4.4 above.
Summary: The MMCF producer has adopted clear definitions for the terms included in their Policy. Some suppliers disclosed their forest level info to a detailed manner where sourcing areas are identified, some only disclosed up to sub-regional/country level, some didn't reveal their forest level info. The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. The company has conducted their annual risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources. However, not all suppliers can be verified as low risk.	

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.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company has identified all raw material inputs by volume as required. The company provided the sourcing information form which includes information such as suppliers' info (including trader), percentage of total input from each pulp supplier, species info, forest origin (up to regional / country level), volume

	info, certification status of purchased pulp, output product name, etc. All pulp suppliers are disclosed in the Sourcing Information Form for this reporting period. The Company's dissolving pulp supplier list was provided and shared. Some pulp suppliers disclosed their forest level info to a detailed manner where sourcing areas are identified, some disclosed up to sub-regional/country level, some didn't reveal their forest level info. Details, please refer to indicator 2.3 and 4.2
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.)	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company included the policy and CanopyStyle requirement in the Pulp Procurement Policy Manual. Based on the procedure, the supplier must comply with Canopy requirement and only supplier graded with non-high risk level will be accepted. The performance of active suppliers has been being monitored annually. The identified non-conformance will be announced to the suppliers. The company will cease the procurement if no mitigation actions are taking for the detected non-conformance. The monitoring results are concluded based on the documents collected from the suppliers as well as other tools such as Forest Mapper and the Dissolving Pulp Classification Tool.
5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: During the period of audit, no non-conformance has been found by the company.
Summary: The Company's dissolving pulp supplier list was provided and shared. All dissolving pulp mills are known.	

Some suppliers provided their forest level info. Detailed assessment please refer to findings on indicator 2.3 and 4.2.

The Company included the policy and CanopyStyle requirement in the management operational manual regarding if non-conformance is identified.

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: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The management confirmed leader group and other stakeholders are welcome to join the verification as observers in the future, and any observations could be reported to the auditor freely. This indicator is graded as “Not Applicable” due to the fact that no such practice has happened to date.
6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: This indicator is only required when the company’s sourcing has been verified as key priority areas of ancient and endangered forests.
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	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available

completed by a credible and mutually agreed third party and made public.**	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.
6.4 The MMCF producer requires of its supplier to have developed a management plan that identifies measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOs.**	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available 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.
6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available 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.
Summary: The management confirmed leader group and other stakeholders are welcome to join the verification as observers in the future, and any observations could be reported to the auditor freely. Indicator 6.2-6.5 are only required when company's sourcing has been verified as key priority areas of ancient and endangered forests	

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.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met

	☐ Insufficient Information Available Description of the finding: The company requires its suppliers in its sourcing policy to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. The requirement is also included in the operating manual [<i>Dissolving Pulp Procurement Manual for the Supplying Department</i>] Most pulp suppliers provided their sourcing policies, code of conducts, annual reports, etc showing their efforts in sustainable sourcing which usually contains the requirements on no violation of traditional and human rights.
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.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Most pulp suppliers provided their sourcing policies, code of conducts, annual reports, etc showing their efforts in sustainable sourcing which usually contains the requirements on no violation of traditional and human rights. There are FSC Controlled Wood, FSC Mix certified, FSC 100% certified (though only 0.23% of volume) as well as PEFC certified pulp supplied to the company. Certification partially covers the requirements regarding recognition and respect of human rights, community rights, First Nations rights and rights of workers. In addition, there are also non-certified pulp supplied to the company where none of these requirements could be met. No evidence was provided from the forest level supplier. Upper stream supply chains between the pulp supplier/trader and forest level are not clear. The FSC certification, including the FSC Controlled Wood standard, contains FSC Core ILO requirements and association policy, which can partially cover these requirements. Holding an FSC-COC certification alone is insufficient to document conformance with this commitment. Only

	FSC 100% certification fully meets these requirements. This indicator is graded as commitment in progress.
7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company is FSC certified and also has a public grievance operation procedure featured for Canopy to accept and handle complaints. There were FSC Controlled Wood claimed, FSC and PEFC certified pulp supplied to the company which meet these requirements as FSC COC certification, and FSC Controlled Wood source (including forest managers) requires certified companies to have such a mechanism for their scope. PEFC certificate also requires a complaints mechanism and resolution. In addition, there was also non-certified pulp supplied to the company where the requirements cannot be confirmed to be met. For Arauco, they have had conflict with local and Indigenous communities in Chile due to logging and plantations on their customary lands. No evidence was provided from the forest level supplier. Upper stream supply chains between the pulp supplier/trader and forest level are not clear. This indicator is considered as commitment in progress.
7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding:

	This company has developed internal capacity and Company structure to recognize and respect the rights of its workers. A workers' union has been established within the company to protect the rights of workers. During auditing, auditor sampled related procedure on workers' rights protection. The company and its 2 mills are FSC COC certified which requires the certificate holders to avoid violation of any ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work. It holds a valid Occupational Health and Safety Management System Certificate (ISO45001:2018); all workers have signed labour contracts and the company pays for their social insurance. Salary records are checked by the auditor. A majority of the pulp suppliers provided their sustainability report / annual report/ sourcing policies, etc in which they introduced their efforts in recognizing and respecting the rights of their workers. Pulp suppliers from China as well as traders from China and Ekman also signed Corporate Social Responsibility Commitment letter as well as Corporate Code of Conduct Commitment letter which includes such requirements. No evidence was provided from the forest level supplier. Upper stream supply chains between the pulp supplier/trader and forest level are not clear. Since there are non-certified pulp supplied to the company, and there is not any guarantee the upstream suppliers are implementing this requirement. This indicator is graded as Commitment in Progress. Note: FSC COC certification and FSC Controlled Wood source (including forest managers) require relevant companies to sign the policy for association is a declaration by the company that they are not involved in directly or indirectly with the activities that can violate workers' rights; for PEFC certificate, it also requires to recognize and respect the rights of the workers.
7.5 The MMCF producer has developed procedures to ensure its forest/wood suppliers uphold the International Labour Organization	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met

(ILO) Declaration on Fundamental Principles and Rights at Work.	☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company and its 2 mills hold valid FSC Chain of Custody certificate which require the certificate holders to avoid violation of any ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work. A majority of the pulp suppliers provided their sustainability report / annual report/ sourcing policies, etc in which they introduced their efforts in recognizing and respecting the rights of their workers. Pulp suppliers from China as well as traders from China and Ekman also signed Corporate Social Responsibility Commitment letter as well as Corporate Code of Conduct Commitment letter which includes such requirements. No evidence provided from the forest level supplier. Upper stream supply chains between the pulp supplier/trader and forest level are not clear. Since there are non-certified pulp supplied to the company, and there is not any guarantee the upstream suppliers are implementing this requirement. This indicator is graded as Commitment in Progress.
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. **	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Recognition and respect for human rights is included in the Company's policy. This indicator is also a summary requirement of 7.2-7.5 and therefore is graded as Commitment in progress
Summary: The company requires its suppliers in its sourcing policy to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. The company and its two mills hold valid FSC Chain of Custody certificate which require the certificate holders to avoid violation of any ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work.	

There are FSC Controlled Wood claimed, FSC Mix certified, PEFC Controlled Sources as well as non-certified pulp supplied to the company. There is no disclosure on all forest(s) level suppliers' information.

Since there are non-certified pulp supplied to the company, and there is not any guarantee the upstream suppliers are implementing this requirement.

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.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company has been purchasing recycled pulp from Circulose to produce fiber product. Since the first trial test in 2019, small-scale batch production of 30% Circulose recycled fiber began in March 2021, and by August 2023, the recycled content was increased to 50%. As of the end of 2025, the cumulative production of recycled fiber exceeded 12,804 tons, and the sales volume exceeded 11,498 tons. Note: After consulting with the production and R&D departments, the supporting documents and data requested for the R&D with Circulose pulp involve confidential information and cannot be disclosed externally.
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.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: For the cooperation with Circulose, by the end of 2025, the cumulative production volume of recycled fiber exceeded 12,804 tons, and the sales volume exceeded 11,498 tons.

	The company has been using FSC 100% certified bamboo pulp producing staple fiber, and for this reporting period 1500 ton of FSC 100% certified bamboo pulp was used. The company also started using herbaceous plant Juncao to produce fiber product. One batch of Juncao purchased for production and fiber products have been put into sales. Note: kindly note that Juncao currently cannot be taken as Next Generation fiber material, but as one alternative fiber. Further solid evidence is expected to be provided to prove it could meet Canopy's requirement on Next Generation fiber material.
Summary: The company has been experimenting and producing fiber products using recycled pulp. The company also manufacture fiber products using FSC 100% certified bamboo pulp and herbaceous plant Juncao as inputs.	

9. Voluntary Advocacy for conservation solutions

Indicators	Findings
9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company has a track record of participating in events that advocate conservation solutions: - In Apr 2025, Circ, Inc. visited the company. The two sides held in-depth discussions on issues such as deepening strategic cooperation, advancing circular recycling initiatives, and exploring sustainable markets. At the same time, the two parties signed a letter of intent to cooperate on expanding the use of recycled materials in subsequent production. - In May and Jun 2025, the company introduced Canopy initiative to several brands: Kiabi, Bestseller and their garment supplier as well as

	Adidas (sustainability division in Shanghai, China). - In Apr 2025, the company invited 2 Chinese well-known brands (Purcotton and Ellassay Group) to join Canopy initiative.
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.**	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company has the commitment on Informed Consent of indigenous people and local communities included in its fiber policy and requires all suppliers to respect and comply with it. But since the company hasn't been prompted to or proactively involve in positively impact conservation and development solutions, this indicator is graded as Not Applicable.
9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company signed the letter to the COP30 calling for actions to support nature protection and climate resilience.

	Letter to Minister Marina Silva, Environment and Climate Change (Meio Ambiente e Mudança do Clima/MMA) 致巴西环境与气候变化部长玛丽娜·席尔瓦 From [Company] 「公司名称」 TangShan SanYou Group XingDa Chemical Fibre Co.,Ltd. 唐山三友集团兴达化纤有限公司 Dear Minister Silva, 尊敬的席尔瓦部长: As leaders in the global textile sector, we are writing ahead of COP30 to urge world leaders to take bold and immediate action to support nature protection and climate resilience — with a particular focus on forest conservation and increased investment in nature-based solutions. 在联合国气候变化框架公约缔约方大会第三十届会议来临之际，我们作为全球纺织行业的领军企业，向您致函呼吁全球领导者尽快采取大胆举措，支持自然保护和气候韧性的建设，特别是推动森林保护、加大投入以自然为基础的解决方案。 As participants in the CanopyStyle Initiative, we are committed to avoiding sourcing fibre from Ancient and Endangered Forests, and to reducing our reliance on virgin forest fibre by using recycled and Next Gen alternatives (including discarded textiles and agricultural residues) instead. More than 550 fashion and textile brands, representing over \$1 Trillion in annual revenue, have also committed to purchasing man-made cellulosic fibres (MMCF), such as viscose, rayon and lyocell, that meet these sustainability criteria. 作为 CanopyStyle 倡议的参与者，我们致力于淘汰来自原始濒危森林的原材料，通过利用回收材料和下一代替代性材料（包括废旧纺织品和农业废弃物），减少对原生木材的依赖。总年营收超过一万亿美金的 550 多家时尚品牌商也承诺只采购满足可持续标准的再生纤维素纤维，包括粘胶纤维、人丝、莱赛尔纤维。 We strongly support conservation efforts that safeguard what remains of the world's rare and irreplaceable forests. These ecosystems are critical to addressing the twin crises of climate change and biodiversity loss — and building supply chain resilience. 我们强烈支持针对全球尚存的稀有、不可替代的森林的保护工作。这些生态系统对我们应对气候变化和生物多样性损失的双重危机至关重要，有助于建立供应链的韧性。 Four years ago, at COP26, 145 countries pledged to halt and reverse deforestation by 2030. Yet, nature loss continues largely unchecked. With Brazil hosting COP30 in Belém — in the heart of the Amazon — this summit represents a historic opportunity to change course. But realizing that potential will require urgent and united action. 四年前，第 26 届联合国气候变化大会上，145 个国家承诺到 2030 年结束并逆转毁林森林。然而，毁林行为依然猖獗。第 30 届联合国气候变化大会将在亚马逊雨林腹地——巴西贝伦举行，该峰会将是促进变革的历史性机遇。为了抓住这一机遇，我们亟需众志成城，采取一致的行动。 We urge the leadership of COP30 to advance the following priorities: 我们呼吁第 30 届气候变化大会的领导者推进以下重要议题： 1. Support innovative financial mechanisms 支持创新性金融机制 Forests are not peripheral — they are essential infrastructure for climate stability and economic resilience. As textile producers, we depend on natural ecosystems for raw materials, water, and supply chain continuity. At COP29, nations pledged \$300 million per year for climate action in developing countries — just a fraction of the \$1.3 trillion requested. Moreover, nature-based solutions currently receive only 3% of global climate finance. This must change if we are to succeed in tackling the aforementioned twin crises. Additionally, capital needs to be mobilized to unlock the infrastructure needed to scale circular Next Gen alternatives to forest-based products. We urge you to scale up funding for nature and circular production and support the development of innovative financial mechanisms. 森林不是可有可无的，森林是维系气候稳定、保障经济韧性的重要基础设施。作为纺织业生产商，我们依赖自然生态为产业提供原材料、水资源，自然是供应链持续运转的基础。在第 29 届联合国气候变化大会上，各国承诺每年在发展中国家投资 3 亿美元，用于气候行动，这仅是总需求 1.3 万亿的一小部分。目前，以自然为基础的解决方案只获得了 3% 的全球气候融资。对此，我们必须做出转变，才能成功应对上述双重危机。此外，我们还需盘活资本，建设必要的基础设施，扩大循环下一代材料在森林产品中的应用。我们呼吁各方扩大自然和循环生产的投资，支持建设创新性金融机制。 2. Prioritize nature-based solutions in national commitments 在各国承诺中强调以自然为基础的解决方案 Forests, land, and ecosystems must be fully integrated into countries' Nationally Determined Contributions (NDCs), aligned with the Glasgow Leaders' Declaration. But COP30 must also go further — we call on the COP leadership to forge bold international agreements that move beyond the predictable and drive transformative cooperation in the climate arena. 森林、土地、生态系统必须纳入各国的国家自主贡献(NDCs)，并符合《格拉斯哥领袖的森林与土地使用宣言》。第三十届气候变化大会应再进一步——我们呼吁气候变化大会的领导者达成大胆的、超越可预期范畴的国际协议，推动各界在气候领域变革性的合作。 3. Recognize Indigenous rights and leadership 认可原住民权利和领导力
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	A rights-based approach to conservation must include the recognition of Indigenous People and Local Communities (IPLC) land tenure and the upholding of Free, Prior, and Informed Consent (FPIC). Indigenous People and Local Communities (IPLC) steward vast areas of the world's remaining forests yet remain underrepresented in climate finance and decision-making. COP30 must deliver legal recognition of indigenous land rights — not as symbolism, but as a fundamental pillar of climate and biodiversity policy. 以权利为基础的保护方案必须涵盖认可原住民和当地社区的土地使用权，并维护自由、实现、知情同意。原住民和当地社区管理着大量的森林面积，却获得较少的气候融资和决策影响力。第三十届气候变化大会必须为原住民的土地权利给予法律认可——这不是象征性的认可，而应成为气候和生态多样性政策的基础支柱。 As businesses that depend on natural resources, we want to ensure our decisions contribute to solving the climate crisis and protecting the world's most vital forest ecosystems. We are ready to do our part — by shifting sourcing practices, investing in innovation, and working toward circularity in a timely manner. 作为依赖自然资源的企业，我们会确保我们的决策有助于应对气候危机、保护全球最重要的森林生态系统。我们已准备好做出应有的贡献，转变采购行为，投资创新材料，稳步推进循环生产。 We respectfully ask that you match this ambition with strong, enforceable commitments at COP30 that prioritize forests, finance, and frontline leadership. We wish you every success in achieving an ambitious outcome at COP30 — one that will secure nature's future and chart a sustainable path for generations to come. 我们恳请您在第三十届联合国气候变化大会上推动强有力的、可执行的承诺，强调森林保护、金融机制、原住民领导力。祝愿您在 COP30 会议中如愿实现变革性的成果，进一步保障自然生态的未来，为子孙后代奠定可持续发展的基础。 Sincerely, 谨启 [Name] 【姓名】  [Title] 【职位】 [Company Name] 【公司名称】 TangShan SuiYou Group XingDa Chemical Fibre Co., Ltd. 唐山三友集团兴达化纤有限公司
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.**	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Not applicable as this indicator is only applicable to MMCF producers who manager forests.
Summary: The company has actively participated in meetings and events. While the organization has asked all suppliers to commit to FPIC of indigenous people and local communities, the company has not yet been prompted to take specific actions.	

10. Responsible forest management	
Indicators	Findings
10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake.**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company had purchased 67,155 tons of FSC certified pulp in 2023, which accounted for

	10.26 % of the total purchase. And in this reporting period, the company purchased 76,500 tons of FSC certified pulp, accounted for 11.98% of the total purchase. The Company has made the commitment as of required in the Company's sourcing policy to preference on FSC certified materials. However, during the audit, no action plan was provided.
Summary: The Company has made the commitment as of required in the Company's sourcing policy to preference on FSC certified materials. However, during the audit, no action plan was provided.	

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.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The evaluation on suppliers' performance in reducing GHG is included under Pulp Supplier Evaluation Criteria in the operating manual [<i>Dissolving Pulp Procurement Manual for the Supplying Department</i>]. However, no specific SOP has been developed to evaluate suppliers' performance in GHG reduction.
11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The company developed the Pulp Procurement Policy Manual requiring suppliers to provide their sourcing information and documents up to the forest level. The company conducted internal risk assessment based on the evidence submitted by the suppliers. According to the evaluation results, the Company has categorized all suppliers into grade A (low risk on sourcing).

	Although there are FSC certified and FSC CW sourced material supplied to the Company, both FSC certified and FSC CW sourced material could be sourced from peatlands and IFLs. 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. So, 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.
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. **	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: For all new suppliers, evaluations will be conducted before signing contracts. For current valid suppliers, new evaluations will be implemented if there is any change on the sourcing of origins. All suppliers are graded as Grade A: no sourcing risk according to the company's risk assessment. The company gives preference to the FSC certified pulp and there is FSC certified material supplied to the company. FSC can help reduce the risk/probability of material from intact forest landscapes or on drained tropical peatlands, although there is still possibility that certified material still could be sourced from peatlands and IFLs as FSC gives exemptions (for example, when they are not classified as HCV; the converted area is very limited).
Summary: The evaluation on suppliers' performance in reducing GHG is included under Pulp Supplier Evaluation Criteria in the operating manual [<i>Dissolving Pulp Procurement Manual for the Supplying Department</i>]. However, no specific SOP developed to evaluate suppliers' performance in GHG reduction. Although there is FSC certified material supplied to the Company, FSC certified material could be sourced from peatlands and IFLs. In addition, there is non-certified dissolving pulp supplied as	

well, where the commitment of not sourcing from tropical peatlands and/or IFLs cannot be guaranteed.

12. Pollution Prevention	
Indicators	Findings
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. 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	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The CanopyStyle audit will not report on this indicator. Other tools such as the Hot Button report will address chemical management starting in 2020.
Summary: The CanopyStyle audit will not report on this indicator. Other tools such as the Hot Button report will address chemical management starting in 2020.	

** Indicates Critical Indicators

Appendix B: standard checklist (CanopyStyle Verification Framework – MMCF (Man-made Cellulosic Fibre) Mill 1 Checklist)

1. Evaluation of Site: Site: Tangshan Shanyou Group Xingda Chemical Fibre Co.,Ltd

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Zhang Huanman, Supplying Department
Auditor(s):	Zhou Peiying
People Interviewed, Titles:	Mr. Zhang Dongbin, General Manager Mr. Li Tao, Production Mr. Li Baikuan, Supplying Department Ms. Zhang Nan, Warehouse
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 3.3 above for Description of Overall Audit Process.</i>

Comments:

This mill is responsible for viscose staple fibre and filament yarn production and storage of material and products.

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.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The policy was public on the company's website: https://www.ts-sanyou.com.cn/content/details_15_33.html The Company organized several training sessions on the policy and Canopy requirements before the audit. Training records were provided for auditor review. Auditor interviewed key managers of this mill who are aware of wood sourcing policy, definition of ancient and endangered forests and controversial sources.
1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company has developed the operating manual [<i>Dissolving Pulp Procurement Manual for the Supplying Department</i>] for the implementation of Canopy sourcing policy Pulp Procurement Policy Manual, where the suppliers are subjected to the monitoring and evaluation from the company. The Company shared the operating manual for the implementation of Canopy sourcing policy

	with the mill that ensures the wood sourcing policy is implemented. The material from different suppliers is clearly identified at the site with signs.
Summary: The Fiber Procurement Policy for Protecting Forests, which promotes sustainable forest management and conserves ancient and endangered forests, has been established and made public on the Company's website. Training sessions on related procedures and the Fiber Procurement Policy have been conducted, ensuring that managers are aware of the policy and procedures.	

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> .	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill does not involve in sourcing wood pulp sourcing. The contract and transport documents related to wood fibre inputs are documented at the supplying department. The production workshop and warehouse maintain records of the input volume of pulp from different suppliers.
2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u> .	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill does not involve in sourcing wood pulp sourcing. Wood fibre inputs related transport documents are documented at the Supplying department in the corporate office.
2.3 All wood fibre input going into the mill is consistent with and identified within the MMCF supply chain assessment provided during the desktop audit.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress

	☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The dissolving pulp going into the mill is consistent with and identified within the Company's supply chain assessment. The warehouse is located in Xingda mill. As document review, field observation and staff review, below pulp suppliers have been supplying, all of which have been included in supplier list and risk assessments. During the audit, below dissolving pulps are stored: - Sodra - Caima - AustroCel - AVC and AVN [used out] - Arauco (Valdivia mill) - Lenzing Paskov - Rayonier Fernandina and Jesup - Domsjo - Sun Paper (Yanzhou, Honghe) [pulp from Yanzhou mill used out] - Sun Paper Laos - Hunan Juntai - Fujian Qingshan
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.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Samples checking on the dissolving pulp procurement from all pulp suppliers/agents matched the declaration provided in the sourcing information form. Auditor sampled 3-6 sets of purchasing documents from each pulp supplier (using the square root method based on the procurement order numbers) to verify against the declared sourcing information provided from the company and below are the findings: - FSC Mix certified pulp supplied from Sodra; - FSC Controlled Wood claimed pulp supplied from Caima, Lenzing Paskov, Rayonier (Jesup and Fernandina mill);

	– PEFC certified pulp supplied from AustroCel Hallin; – Non-certified pulp supplied from AVC, AVN, Domsjo, Sun Paper (Yanzhou mill, Laos mill), Hunan Juntai New Material Technology; – Both FSC Controlled Wood claimed pulp and FSC Mix certified pulp supplied from Arauco (Valdivia mill); – Both FSC Mix certified and non-certified pulp supplied from Sun Paper (Hong He mill); – Both FSC 100% and non-certified bamboo pulp supplied from Fujian Qingshan. Note: – For AustroCel Hallin, Lenzing Paskov, PEFC certificate and FSC CW claim info chain is broken on invoice trail, but since the transport document chain showed that the certified/FSC CW claimed pulp got directly shipped to the mill, therefore the pulp received at the mill can be accepted as certified and/or FSC CW claimed. It's suggested to have full and correct certificate info on purchasing invoices and transport documents for every tier of the supply chain. Given that there are still some room for improvement in trade and transport documents traceability and transparency, this indicator is graded as Commitment in Progress.
2.5 The production site maintains and can verify a summary of annual purchases (or inputs).	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill has no sourcing activity of wood pulp. The corporate office's wood and pulp division maintains the records of annual purchase and sales. During the on-site check, auditor sample cross checked the input and output records at the warehouse.

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.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: During the audit, samples of trade and transport documents for outgoing products were provided to the auditor. Certificate info is shown on the documents when relevant.
Summary: The mill does not involve in purchasing. The delivery documentations are maintained. The dissolving pulp going into the mill is consistent with and identified within the Company's supply chain assessment. Samples checking on the dissolving pulp procurement from all pulp suppliers/agents matched the declaration provided in the sourcing information form. During the audit, samples of trade and transport documents for outgoing products were provided to the auditor. Certificate info is shown on the documents when relevant.	

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**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.
Summary: The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.	

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

Indicators	Findings
4.1 The production site/mill is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The interviews to the management confirmed they were aware all relevant laws and regulations. Auditor reviewed the legally required documents in China, such as business licence, environment impact assessment, export license, etc. There is no news and info disclosed that the organize is non-compliance with national and international laws. The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including: • ISO9001:2015 quality management system • FSC Chain of Custody • ISO14001:2015 Environment Management System • ISO45001: 2018 Occupational Health and Safety Management System • STANDARD 100 by OEKO-TEX® testing and certification system.
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.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill has no sourcing activity of wood pulp. By interviews, the management of the mill demonstrated their understandings on ancient and endangered forests and controversial sources. The purchase documents of dissolving pulp are maintained at the supplying department under the corporate office (HQ). Corporate office has conducted their annual risk assessment on their supply chains to understand the risk of sourcing from ancient and

	endangered forests and other controversial sources. Detailed findings please refer to indicator 2 and 4 under Appendix A.
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.	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 Supplying Department at Corporate office. Detailed findings please refer to indicator 2 and 4 under Appendix A.
4.4 The sourcing from regions that contain Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources, is verified to be low risk by this CanopyStyle audit.	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 Supplying Department at Corporate office. Detailed findings please refer to indicator 2 and 4 under Appendix A.
Summary: The assessment was conducted by the Supplying Department at Corporate office. The purchase documents of dissolving pulp are maintained at the supplying department under the corporate office (HQ). Corporate office has conducted their annual risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources. Detailed findings please refer to indicator 2 and 4 under Appendix	

5. If suppliers contravene these criteria, the MCMF 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	Conformance with Indicator: ☒ Not Applicable

identifying non-conformances to their CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.

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

Description of the finding:

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

Summary:

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

Appendix C: standard checklist (CanopyStyle Verification Framework – MMCF (Man-made Cellulosic Fibre) Mill 2 Checklist)

1. Evaluation of Site: Site: Tangshan Shanyou Yuanda Fibre Co.,Ltd

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Zhang Huanman, Supplying Department
Auditor(s):	Zhou Peiying
People Interviewed, Titles:	Mr. Zhang Dongbin, General Manager Mr. Li Tao, Production Mr. Li Baikuan, Supplying Department Ms.Zhang Xiaofang, Warehouse
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 3.3 above for Description of Overall Audit Process.</i>
Comments:	This mill is responsible for staple fiber and lyocell fiber production and storage of material and products.

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.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met

	☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The policy was public on the company's website: https://www.ts-sanyou.com.cn/content/details_15_33.html The Company organized several training sessions on the policy and Canopy requirements before the audit. Training records were provided for auditor review. Auditor interviewed key managers of this mill who are aware of wood sourcing policy, definition of ancient and endangered forests and controversial sources.
1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The Company has developed the operating manual [<i>Dissolving Pulp Procurement Manual for the Supplying Department</i>] for the implementation of Canopy sourcing policy Pulp Procurement Policy Manual, where the suppliers are subjected to the monitoring and evaluation from the company. The Company shared the operating manual for the implementation of Canopy sourcing policy with the mill that ensures the wood sourcing policy is implemented. The material from different suppliers is clearly identified at the site with signs.
Summary: The Fiber Procurement Policy for Protecting Forests, which promotes sustainable forest management and conserves ancient and endangered forests, has been established and made public on the Company's website. Training sessions on related procedures and the Fiber Procurement Policy have been conducted, ensuring that managers are aware of the policy and procedures.	

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> .	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill does not involve in sourcing wood pulp sourcing. The contract and transport documents related to wood fibre inputs are documented at the supplying department. The production workshop and warehouse maintain records of the input volume of pulp from different suppliers.
2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u> .	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill does not involve in sourcing wood pulp sourcing. Wood fibre inputs related transport documents are documented at the Supplying department in the corporate office.
2.3 All wood fibre input going into the mill is consistent with and identified within the MMCF supply chain assessment provided during the desktop audit.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The dissolving pulp going into the mill is consistent with and identified within the Company's supply chain assessment. The warehouse is located in Yuanda mill. As document review, field observation and staff review, below pulp suppliers have been supplying, all of which have been included in supplier list and risk assessments. During the audit, below dissolving pulps are stored: - Sodra - Caima

	- AustroCel - International Paper [used out] - AVC and AVN [used out] - Arauco (Valdivia mill) - Lenzing Paskov - Rayonier Fernandina and Jesup - Domsjo - Cenibra - Sun Paper (Yanzhou, Honghe) [pulp from Yanzhou mill used out] - Sun Paper Laos - Hunan Juntai Fujian Qingshan
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.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Samples checking on the dissolving pulp procurement from all pulp suppliers/agents matched the declaration provided in the sourcing information form. Auditor sampled 3-6 sets of purchasing documents from each pulp supplier (using the square root method based on the procurement order numbers) to verify against the declared sourcing information provided from the company and below are the findings: - FSC Mix certified pulp supplied from Sodra; - FSC Controlled Wood claimed pulp supplied from Caima, Lenzing Paskov, Rayonier (Jesup and Fernandina mill); - PEFC certified pulp supplied from AustroCel Hallin; - Non-certified pulp supplied from International Paper, AVC, AVN, Domsjo, Sun Paper (Yanzhou mill, Laos mill), Hunan Juntai New Material Technology; - Both FSC Controlled Wood claimed pulp and FSC Mix certified pulp supplied from Arauco (Valdivia mill); - Both FSC Controlled Wood claimed pulp and non-certified pulp supplied from Cenibra;

	– Both FSC Mix certified and non-certified pulp supplied from Sun Paper (Hong He mill); – Both FSC 100% and non-certified bamboo pulp supplied from Fujian Qingshan. Note: – For AustroCel Hallin, Lenzing Paskov, PEFC certificate and FSC CW claim info chain is broken on invoice trail, but since the transport document chain showed that the certified/FSC CW claimed pulp got directly shipped to the mill, therefore the pulp received at the mill can be accepted as certified and/or FSC CW claimed. It's suggested to have full and correct certificate info on purchasing invoices and transport documents for every tier of the supply chain. Given that there are still some room for improvement in trade and transport documents traceability and transparency, this indicator is graded as Commitment in Progress.
2.5 The production site maintains and can verify a summary of annual purchases (or inputs).	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill has no sourcing activity of wood pulp. The corporate office's wood and pulp division maintains the records of annual purchase and sales. During the on-site check, the warehouse staff was not available, so auditor conducted a remote interview to the warehouse staff on her understanding of the Policy requirement. Auditor also sample cross checked the input and output records remotely..
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.	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available

	Description of the finding: During the audit, samples of trade and transport documents for outgoing products were provided to the auditor. Certificate info is shown on the documents when relevant.
Summary: The mill does not involve in purchasing. The delivery documentations are maintained. The dissolving pulp going into the mill is consistent with and identified within the Company's supply chain assessment. Samples checking on the dissolving pulp procurement from all pulp suppliers/agents matched the declaration provided in the sourcing information form. During the audit, samples of trade and transport documents for outgoing products were provided to the auditor. Certificate info is shown on the documents when relevant.	

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**	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.
Summary: The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.	

4. Since the signature of the Policy, all sourcing from ancient and endangered forests or other controversial sources have been eliminated.	
Indicators	Findings
4.1 The production site/mill is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**	Conformance with Indicator: ☐ Not Applicable ☒ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The interviews to the management confirmed they were aware all relevant laws and regulations. Auditor reviewed the legally required documents in China, such as

	business licence, environment impact assessment, export license, etc. There is no news and info disclosed that the organize is non-compliance with national and international laws. The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including: • ISO9001:2015 quality management system • FSC Chain of Custody • ISO14001:2015 Environment Management System • ISO45001: 2018 Occupational Health and Safety Management System • STANDARD 100 by OEKO-TEX® testing and certification system.
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.	Conformance with Indicator: ☐ Not Applicable ☐ Commitment Met ☒ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: The mill has no sourcing activity of wood pulp. By interviews, the management of the mill demonstrated their understandings on ancient and endangered forests and controversial sources. The purchase documents of dissolving pulp are maintained at the supplying department under the corporate office (HQ). Corporate office has conducted their annual risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources. Detailed findings please refer to indicator 2 and 4 under Appendix A.
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.	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 Supplying Department at Corporate office.

	Detailed findings please refer to indicator 2 and 4 under Appendix A.
4.4 The sourcing from regions that contain Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources, is verified to be low risk by this CanopyStyle audit.	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 Supplying Department at Corporate office. Detailed findings please refer to indicator 2 and 4 under Appendix A.
Summary: The assessment was conducted by the Supplying Department at Corporate office. The purchase documents of dissolving pulp are maintained at the supplying department under the corporate office (HQ). Corporate office has conducted their annual risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources. Detailed findings please refer to indicator 2 and 4 under Appendix	

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.	Conformance with Indicator: ☒ Not Applicable ☐ Commitment Met ☐ Commitment in Progress ☐ Commitment Not Met ☐ Insufficient Information Available Description of the finding: Supplier performance monitoring program was conducted by the corporate office and shared with the mill.
Summary: Supplier performance monitoring program was conducted by the corporate office and shared with the mill.	

Appendix D: RECOMMENDATIONS FOR IMPROVEMENT

The CanopyStyle Initiative has developed these recommendations to provide direction on how companies should address some of the main non-conformities found in this audit report.

These recommendations have been developed by Canopy, presented to the company for feedback, and are provided as an appendix in this audit report for use by the company and auditors, starting immediately after finalization of the audit report.

Canopy applauds Tangshan Sanyou for completing its fourth verification audit, which indicates that the company has conducted an in-depth risk assessment, engaging with suppliers, and working to expand its commercial scale Next generation MMCF products.

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

1. Engage with suppliers having possible risk and work gradually to eliminate all possible risk from the supply chain.
2. Ensure that all supply agreements have the CanopyStyle Policy and ILO's Declaration on Fundamental Principles and Rights at Work
3. Develop an action plan to increase the amount of FSC certified fibre used, with a preference for FSC 100%.
4. Continue to engage with suppliers and advocate for conservation solutions in priority forest regions.
5. Where needed, work with suppliers to get more detailed forest level information.
6. Adopt best-in-class processing technologies and work with experts in the field to meet new standards for chemical discharge and pollution.

As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will be essential to ensure that Tangshan Sanyou continues to implement their policy and meets the expectations of the CanopyStyle Initiative. Once again, we congratulate you for the timely and orderly completion of the audit and for taking the initiative to reduce risk in your supply chain. We look forward to working collaboratively with Tangshan Sanyou to address any outstanding issues.