



# CanopyStyle Audit Report

## for Birla Cellulose

**Annual audit 2019**

**Evaluation date: 8 October 2019**

**Report date: 7 October 2020**

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# INTRODUCTION

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, NEPCon offers timely and cost-effective certification services around the world.

The purpose of this report is to document performance of **Aditya Birla Group owned Birla Cellulose and Grasim** hereafter referred to as "Company", against the requirements of the Verification Framework and Guidelines, (February 2019 version<sup>1</sup>) and related guidance documents<sup>2</sup> developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)<sup>3</sup> and the over 320 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 NEPCon auditors who have evaluated company systems and performance against the applicable standard(s). The public version excludes confidential and sensitive information that does not affect the formal results of the audit. Section 4 below provides the evaluation conclusions. The auditor reviewed and used Canopy's map of ancient and endangered forests, the sourcing regions and list of suppliers of the company, as well as the dissolving pulp mill classification to assess the level of risk.

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

## 1. GENERAL DESCRIPTION

### 1.1. Company overview

Birla Cellulose is part of 'Aditya Birla Group' and produces a complete range of man-made cellulosic fibre (MMCF) spanning all the three generations of fibres viz. viscose staple fibre (VSF), modal & lyocell. Birla Cellulose comprises of pulp operations at Grasim Industries Ltd. India, AV Group NBCanada and Domsjo Fabriker AB, Sweden & fibre manufacturing operations at Grasim Industries Ltd., India; Thai Rayon Public Co. Ltd., Thailand; PT Indo Bharat Rayon, Indonesia; Birla Jingwei Fibres Co. Ltd., China. The companies included in the group produce dissolved pulp from forests and plantations and man-made cellulosic obtained from both internal and external dissolving pulp producers. Their products include man-made cellulosic fabrics, trademarked man-made cellulosic brands and non-woven man-made cellulosic fibres

<sup>1</sup> <https://canopyplanet.org/wp-content/uploads/2019/04/CanopyStyle-Audit-Guidelines-and-Framework-2019-version.pdf>

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

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

marketed globally to clothing manufacturers. AV Terrace is a craft pulp mill owned by the company, not in the scope of this audit.

Birla prides itself on its environmental sustainability and corporate social responsibility policies. They are participating in the CanopyStyle Initiative<sup>4</sup> and as recognition of their commitment are undergoing this evaluation.

As of this audit, Aditya Birla Group has included its existing viscose filament mill, Grasim Indian Rayon based in India.

During the course of this audit it was confirmed that Century Rayon is not owned by Birla Cellulose, and that company will be conducting their own individual audit.

Today, the vast majority of Birla's corporate wide wood and pulp supply is FSC® certified or PEFC™ certified or SFI® certified or from FSC® controlled wood (CW) sources. However although the mills sourced from certified companies, they do not always request certification claims. Decisions for raw material inputs for the internal dissolved pulp facilities are made at the local level. Pulp purchases for the fiber mills are made centrally at Birla headquarters in India.

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

### Fiber Mills:

Company	Location
Birla Jingwei Fibers Co. Limited	China
PT. Indo Bharat Rayon	Indonesia
Thai Rayon Public Co. Ltd.	Thailand
Grasim Industries – Nadada	India
Grasim Industries – Harihar	India
Grasim Industries – Kharach	India
Grasim Industries - Vilayat	India
Grasim Indian Rayon	India

### Dissolving Pulp Mills:

Company	Location
Domsjo Fabriker	Sweden
AV NB INC – AV Cell	Canada
AV NB INC – AV Nackawic	Canada

### 1.3. Company sourcing policy

Aditya Birla's [wood fibre sourcing policy](#) (November 2019) states that:

"Grasim will endeavour to find out alternative sustainable resources in case of trading and sourcing wood or wood fibre (herein referred to as wood) from the following categories:

- a) Illegally harvested wood
- b) Wood harvested in violation of traditional and civil rights
- c) Wood derived from uncertified High Conservation Value Forests
- d) Wood harvested from plantations established after 1994 through the conversion of simplification of natural forests
- e) Wood from forest in which genetically modified trees are planted
- f) Wood harvested in identified ancient and endangered forests or endangered species habitat."

## 2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	<input type="checkbox"/> Single	<input checked="" type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in supplier CoC form	<input type="checkbox"/> Other suppliers
Majority Fiber Input:	Dissolving pulp mills source from the forest while viscose plants source dissolving pulp.	
Map of Ancient and Endangered Forests Overlay Completed:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No  Comments: This overlay has been conducted for most of the sourcing areas. One overlay has yet to be completed. .
Mill Capacity:		
Primary Activity:	Both dissolving pulp and MMCF manufacturer	
Outsourcing:	<input type="checkbox"/> FSC-certified subcontractors	<input type="checkbox"/> Non-certified subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
	<input checked="" type="checkbox"/> No outsourcing	

## 3. EVALUATION PROCESS

### 3.1. Audit Team

Auditor name(s)	Qualifications
Gweneth Langdon	Gweneth Langdon is NEPCo's Sr. Manager, Solutions Division, based in Vermont, United States. In this role she her work focuses on the evaluation of company sourcing practices and broader corporate and/or product sustainability claims. Gweneth has been part of a certification body program (RA and NEPCo) since February of 2008. She manages the CanopyStyle Audit program for NEPCo and is approved as a Senior Auditor and peer reviewer for all of the FSC CoC Standards and has conducted over 150 FSC audits and assessments for a variety of high profile companies. Ms.

	Langdon is also a qualified to act as lead auditor on ISO 9001, PEFC, LegalSource and Rainforest Alliance/NEPCon Verification Audits.
Randy Perdana	Chain of Custody Coordinator and FSC Trademark Agent for NEPCon. He has completed FSC Chain of Custody Lead Auditor training, ISO training requirement FSC-STD-20-001 and completed FSC trademark training for Certification Bodies on FSC-STD-50-001 V2-0 held by FSC. Previously he has been working with Rainforest Alliance for more than 7 years and has vast COC on-site auditing experience in South East Asia, Taiwan, China and Japan.

### 3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
Corporate Desk Audit	8 October 2019 (HQ) 11 Oct 2019 (HQ) 14 Nov 2019 (Domsjo) 15 Nov 2019 (Harihar)	5 hrs phone time 6 hours desk assessment
Short Notice Audit Mill 1	20 December 2019 (Thai Rayon)	5 hrs
Short notice Audit Mill 2	Postponed due to Covid-19.	-

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

## 4. EVALUATION RESULT

### 4.1 Evaluation Conclusion

Birla Cellulose is a large viscose producer with 8 fiber mills that source from Birla owned pulp mills (e.g. Domsjo, AVC and AVN, Grasim, Harihar) and external suppliers. One of the eight mills have been acquired within this audit period and with it, they have new external supplier (from the United States). While the Ancient and Endangered Forest overlay has not been completed for the new supplier, based on Canopy's advice note on priority Ancient and Endangered forests, and the dissolving pulp classification tool that assesses global dissolving pulp manufacturers, the mills are considered low risk based on current information and/or existing CanopyStyle audits. Therefore, the overall audit result is low risk of sourcing from Ancient and Endangered Forests and other controversial sources.

## 4.2 Summary of findings

Rating	Color
Not Applicable	Grey
Commitment Met	Green
Commitment in Progress	Yellow
Commitment Not Met	Red
Insufficient Information Available	Grey

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 publically available commitment to full implementation of the forest sourcing policy **	Green
	1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy with input from and agreement of civil society stakeholders. **	Yellow
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	Yellow
	1.4 The MMCF producer has developed capacity and Company structure to implement the Policy.	Green
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	Yellow
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	Yellow
	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	Yellow
	1.8 The MMCF producer has put in place a transparent/public grievance procedure with the input and agreement of civil society stakeholders	Green
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	Grey
	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	Green

	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	
2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	2.1 An assessment of the MMCF producer supply chain has been completed globally and shared with Leaders Group. This assessment will be updated every year and shared with the Leaders Group. **	
	2.2 The assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	
	2.3 A risk assessment has been done with the information and shared with Leaders Group.	
	2.4 This supply chain assessment has been presented to the Leaders Group and stakeholders, allowing for questions to be answered and information gaps to be highlighted.	
	2.5 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textile retailers.	
3. No conversion of natural forest to plantations	3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate. **	
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. **	
	4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Leaders Group. **	
	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. **	
	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. **	
	4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **	
5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	5.1 All MMCF producers' suppliers are identified and the forest of origin is known. **	
	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.)	
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process. **	
	6.2 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. **	
	6.3 If sourcing from controversial areas, with records of conflict and human rights violation, an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **	
	6.4 The MMCF producer has developed a management plan that identifies measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free,	

	Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOs. **	
	6.5 The MMCF producer has 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. **	
7. The MMCF producer shall recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies	7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. **	
	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. **	
	7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.	
	7.4 The MMCF producer and its suppliers have developed internal capacity and Company structure to recognize and respect the rights of its workers	
	7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Company (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.	
	7.6 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations. **	
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. **	
	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.	
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. **	
	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. **	
	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.	
	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. **	
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. **	
11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses	11.1 The MMCF producer has developed and implemented procedures to evaluate their suppliers' performance in reducing GHG.	
	11.2 The MMCF producer can document giving preference to suppliers that have identified and adopted management measures to protect forested peatland at the concession and landscape level (peat dome) and that have identified, withdrawn from and restored peatlands and their hydrology. **	
12. Pollution Prevention	12.1 * This verification process <u>will not</u> address the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality.  However, it will be noted when MMCF producers invest in and use the cleanest dissolving pulp and viscose manufacturing technology	

	(i.e. lyocell process). The indicators will be the number of mills using such cleaner processes and the % of overall volumes produced with such technology. This information will be treated and framed as additional bonus performance by the MMCF producer.	
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### 4.3 Volume Summaries

Company Facility	Pulp Mill or Fiber Mill	Location	Reporting Period	Total Volume (MT) Received (input received) <sup>5</sup>	Volume received with no certification claims <sup>6</sup>
Birla Jingwei Fibers Co. Limited	Fiber Mill	China	Unknown	88,000	Unknown
PT. Indo Bharat Rayon	Fiber Mill	Indonesia	4/1/2018-3/31/2019	200,393.027	74,606.365 37.2%
Thai Rayon Public Co. Ltd.	Fiber Mill	Thailand	12/6/2018 - 3/31/2019	29,240.916	Unknown
Grasim Industries - Nadada	Fiber Mill	India	4/1/2018-3/31/2019	139,893.8	61,714 44%
Grasim Industries - Harihar	Fiber Mill	India	4/1/2018-3/31/2019	87,154.761	67433.361 79%
Grasim Industries - Kharach	Fiber Mill	India	4/1/2018-3/31/2019	125,900.516	31,475.129 25%
Grasim Industries - Vilayat	Fiber Mill	India	4/1/2018-3/31/2019	151,300.19	23,549.49 15.5%
Indian Rayon	Fiber Mill	India	Uknown	21,300/year	21179.24 99.4%

<sup>5</sup> Volumes summaries are declared by the company as a requirement of the audit.

<sup>6</sup> "Volume received with no certified claims" means that there is no documentation that confirms that the input material is certified. The sourcing companies are certified for Chain of Custody and Controlled Wood and may state that all of their products are FSC, PEFC, SFI certified or FSC controlled.

# Appendix 1: standard checklist (CanopyStyle Verification Framework – Corporate Sourcing)

## 1. Evaluation of Birla Cellulose (Corporate-wide sourcing)

<b>Primary Responsible Person:</b> (Responsible for control system at site(s))	Kevin A. Larlee Vice President of Fiber Supply and Government Relations Aditya Birla, AV Group 506-447-2723 Kevin.Larlee@avg.adityabirla.com
<b>Auditor(s):</b>	Gweneth Langdon, NEPCon
<b>People Interviewed, Titles:</b>	Kevin A. Larlee (AV Group NB, Canada) Lars Samuelsson, Domsjo Fabriker, Sweden Stromburg, Domsjo Fabriker, Sweden Ajay Gupta, Harihar, India Suresha Bullajjanavar, Harihar Subhas Sharma, Harihar Manohar Samuel, Corporate Chetan Gudigar, Corporate
<b>Comments:</b> This is a desk audit of corporate-wide sourcing and procedures. As a part of this desk audit, interviews were conducted with some pulp and fiber mill contacts at Domsjo and Grasim Industries.	

## 2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy.	
Indicators	Findings
1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy.**	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p><b>Description of the finding:</b> The company wide <a href="#">Wood Fibre Sourcing Policy</a> is publicly available via the company website, and endorsed by COO of Pulp Operations.</p>
1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy with input from and agreement of civil society stakeholders.**	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available

	<p><b>Description of the finding:</b> The company has created standard operating procedures for the various certifications they hold at all fiber mills. These procedures contain the basic requirements for meeting forestry standards. There are no SOPs specific to the policy element regarding ancient and endangered forests.</p>
<p>1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The company has submitted a list of contacts responsible for policy implementation for each fiber mill within their supplier information sheet. However, this list of contacts has not been updated to include the responsible personnel for one facility.</p>
<p>1.4 The MMCF producer has developed capacity and Company structure to implement the Policy.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> Through audit interviews and communications with various sites (Domsjo, Harihar, AV Inc), it is confirmed that the company has the capacity and structure to implement the policy. Site representatives were responsive, engaged and knowledgeable of the policy.</p>
<p>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The company does post their policy publicly on their website and has included language regarding their policy in many of the sites' purchase contracts. No other forms of communication of the policy (i.e. emails, letters, notifications) have been provided. The policy is new and was still being rolled out to the sites interviewed during this audit. Policy was not found on Domsjo's new website.</p>

	<p>During the previous audit, it was noted that not all mills have communicated its policy to their suppliers, specifically AVN, AVC and Harihar. A purchase agreement template was provided to demonstrate that AV Group mills have now included language regarding the policy in their supplier agreements. However, evidence of such communication with large supplier Sappi, or the other suppliers listed by Harihar and the two new India fiber mills is not available.</p>
<p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>During the previous audit, it was noted that not all mills have communicated its policy to their suppliers, specifically AVN, AVC and Harihar. A purchase agreement template was provided to demonstrate that AV Group mills have now included language regarding the policy in their supplier agreements. However, evidence of such communication with large supplier Sappi, or the other suppliers listed by Harihar and the two new India fiber mills is not available.</p>
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>The company has not developed and implemented a monitoring system, rather it relies heavily on their third-party certifications to monitor supplier performance; however, these certifications do not monitor performance in meeting the policy elements regarding the CanopyStyle initiative and ancient and endangered forests.</p> <p>This indicator has been graded as in progress, as the certification programs to help the company meet their policy and monitor their supplier's performance in meeting the policy, but not in full, especially regarding ancient and endangered forests.</p>
<p>1.8 The MMCF producer has put in place a transparent/public grievance procedure with the input and agreement of civil society stakeholders.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress</p>

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> As all fiber mills hold FSC CoC Certification, they are required to have a complaints mechanism for receiving and resolving complaints regarding their certification, but this procedure is not public, nor has it had the input and agreement of civil society stakeholders. It is not clear if these procedures also apply to inter-company employees. Aditya Birla Group does have a public <a href="#">whistle blower policy</a> and an <a href="#">online contact page</a> for all other inquiries, including investor complaints.  Pulp mills also have various procedures for handling complaints and grievances. This indicator is being graded as in progress, due to the current complaints and grievance mechanisms not fully being transparent, and often tailored to certification requirements only.
1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received.**	<b>Conformance with Indicator:</b> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> There have been no grievances received to date regarding the CanopyStyle commitments and audit. The company has worked with Canopy on an action plan as a result of their first audit, which they have been gradually implementing
1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**	<b>Conformance with Indicator:</b> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> The corporate desk audit included interviews with various site managers (AV, Domsjo and Harihar) who were aware of the Policy and their intention to implement/comply.  The finding from the short notice audit at Thai Rayon shows that the company has established the policy and made it public via website and internal procedure (Wood Fibre Sourcing

	Policy). All key managers are aware of the policy and able to demonstrate implementation of policy.
1.11 Each production site manager has developed procedures to implement the Policy, when relevant.**	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p><b>Description of the finding:</b></p> <p>As noted in finding 1.2, SOPs specific to the CanopyStyle commitments and framework requirements have not been developed, but other SOPs related to forestry certification and sourcing are in place. Evidence of purchase contracts including information on ancient and endangered forests has also been provided, but only at the dissolving pulp mill level.</p> <p>One production site was visited as a part of the short notice audit in Thailand. During site visit, all staff of the company had followed the procedure that has been developed and followed the direction of manager and supervisor, such as information receiving material from listed supplier (FSC certified).</p>
<p><b>Summary:</b> Birla Cellulose released an updated policy during this audit period that is public and has been delivered to the mills. Birla Cellulose fiber and pulp mills are aware of the policy and demonstrate a commitment to it. Each mill has assigned responsible personnel that have the authority and capacity to implement the policy. However, procedures to implement the policy specific to ancient and endangered forests are lacking, and rather the company relies on their procedures to implement their forest certifications</p>	

2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	
Indicators	Findings
2.1 An assessment of the MMCF producer supply chain has been completed globally and shared with Leaders Group. This assessment will be updated every year and shared with the Leaders Group.**	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p><b>Description of the finding:</b></p> <p>The company has provided an assessment of supply chains for each fiber mill to Canopy and by extension to the Leaders Group.</p>
2.2 The assessment identifies all suppliers in the chain beginning at the forest or plantation of origin, that supply the MMCF mills.	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met

	<input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> The assessment conducted identifies the pulp mills supplying the fiber mills, their location, and a general description of their sourcing area that includes geographic regions and any information on certification.
2.3 A risk assessment has been done with the information and shared with Leaders Group.	<b>Conformance with Indicator:</b> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> A risk assessment has been conducted within the supplier list with collected information from pulp supplier on their sources. In addition, a PPT has been created that overlay's each supplier mill location with the ancient and endangered forest map. The information has been shared with Canopy and by extension the Leaders Group.
2.4 This supply chain assessment has been presented to the Leaders Group and stakeholders, allowing for questions to be answered and information gaps to be highlighted.	<b>Conformance with Indicator:</b> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> The risk assessment has been presented to Canopy and by extension to the Leaders Group
2.5 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.	<b>Conformance with Indicator:</b> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> Suppliers listed here: <a href="https://www.birlacellulose.com/pdfs/Global_FI">https://www.birlacellulose.com/pdfs/Global_FI</a>

	<p><a href="#">ow Pulp to Fibre.pdf</a> However it does not include all suppliers</p> <p>Supplier FSC or PEFC certificate numbers are provided to customers who ask for information on sustainability of the product. FSC and PEFC certification systems provide a relatively reliable product tracking system and is the most efficient way for Birla to provide their customers with supply chain information.</p>
<p><b>Summary:</b> Birla has provided information on their supply chains that includes the pulp mill location and sourcing areas (by geographic areas like regions, countries or states). However, there are information gaps for one mill.</p>	

**3. No conversion of natural forest to plantations**

Indicators	Findings
<p>3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting FSC certificate.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>Although there is no verifiable evidence provided from the company to demonstrate conformance with this indicator. There are brief descriptions of land origin and land change in the supplier excel, which indicate sourcing from plantations is pre-1994 (South Africa) or from natural forest (Sweden and Canada). One new supplier has been added since the previous audit, sourcing from the south-eastern United States. The US supplier has been assessed in the Dissolving Pulp Classification Tool as low risk for conversion due to certifications and due diligence systems in place</p>

**Summary:** Birla Cellulose has done their due diligence for a majority of their fiber supply to ensure that their sourcing is either not from plantations (natural or planted forests) or from plantations developed pre 1994 (e.g. South Africa).

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

Indicators	Findings
<p>4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient &amp; endangered forests," "intact forest," "natural forest," "endangered species," "controversial sources," "high conservation value," "high carbon area," "peatlands," etc. that are consistent with this document and the forest sourcing policy template.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p>

	<p>The newly revised sourcing policy includes a definition of ancient and endangered forests by sourcing the Canopy ForestMapper Application.</p>
<p>4.2 All areas meeting the definition of “ancient and endangered forests” have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Leaders Group.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  Birla has conducted their risk assessment using overlays with Canopy’s forest mapper and via their supplier info sheet which has collected more detailed information on wood source for each supplier.  All suppliers have been identified as low risk within the supplier info excel.</p> <p>Based on Canopy’s advice note on Ancient and Endangered forests, and the dissolving pulp classification tool that assesses global dissolving pulp manufacturers, there are no sourcing issues based on current information and/or CanopyStyle audit.</p>
<p>4.3 Any raw materials in the MMCF producer’s supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  No raw materials received during the audit period have been identified as originating from ancient and endangered forests or other controversial sources.</p>
<p>4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  Interviews demonstrate a strong awareness of relevant local, national and international laws. All fiber mills hold FSC CoC certification, and therefore sign the FSC policy for association (includes commitments to source materials not illegally harvested and traded as well as the basic social and environmental laws), and are required to have procedures for basic trade and</p>

	transport laws. No evidence of noncompliance has been found.
4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>As noted in previous findings, Birla has done a risk assessment and confirmed that wood sourcing by all fiber mills included in the initial audit remains the same and therefore at a low risk rating. There is one additional sourcing region, in the Southeast United States.</p> <p>Based on Canopy’s advice note on Ancient and Endangered forests, and the dissolving pulp classification tool that assesses global dissolving pulp manufacturers, there are no sourcing issues based on current information and/or CanopyStyle audit.</p>
<p><b>Summary:</b> Based on Canopy’s advice note on Ancient and Endangered forests, and the dissolving pulp classification tool that assesses global dissolving pulp manufacturers, there are no sourcing issues based on current information and/or CanopyStyle audit. There is no evidence of non-compliance with laws.</p>	

5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	
Indicators	Findings
5.1 All MMCF producers’ suppliers are identified and the forest of origin is known.**	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>All suppliers have been identified and their sourcing areas are known, but sometimes only to a sub-regional level (new US supplier). Additionally, some of the new suppliers have information gaps, or incorrect information in the supplier list (eg. volumes, conversion date, etc).</p>
5.2 The MMCF producer has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found.**	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p>

<p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p><b>Description of the finding:</b> Birla has a procedure to include language regarding ancient and endangered forests in their contracts with their supplier. Evidence has been provided from two of the pulp mills. However, evidence of such language in contracts with all external pulp suppliers (including new supplier) has not been provided.</p> <p>Birla uses their FSC COC certification as a monitoring mechanism, but this certification does not address ancient and endangered forests.</p>
<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> No non-conformance has been found nor withdrawals during this audit period.</p>
<p><b>Summary:</b> Birla communicates their policies to their suppliers and within their large company. No nonconformities to the policy have been found during the audit period would cause them to enact their procedure to withdraw from contracts.</p>	

<p><b>6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.</b></p>	
<p><b>Indicators</b></p>	<p><b>Findings</b></p>
<p>6.1 Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> Birla is willing to have such participation in this process but is not clear on the procedure to engage with the Leaders Group. Therefore, there has been no evidence of invitation. Birla is actively engaged with Canopy in the process of this audit.</p>
<p>6.2 Large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection has been completed, based on best available science, by a credible third party, and made public.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p>

	<p><b>Description of the finding:</b></p> <p>There is no conclusive evidence that Birla is sourcing from ancient and endangered forests as identified in the advice note on Ancient and Endangered forests and the dissolving pulp classification tool</p>
<p>6.3 If sourcing from controversial areas with records of conflict and human rights violation, an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>There is no conclusive evidence that Birla is sourcing from ancient and endangered forests, as identified in the advice note on Ancient and Endangered forests and the dissolving pulp classification tool</p>
<p>6.4 The MMCF producer has developed a management plan that identifies and measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOs.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>There is no conclusive evidence that Birla is sourcing from ancient and endangered forests, as identified in the advice note on Ancient and Endangered forests and the dissolving pulp classification tool</p>
<p>6.5 The MMCF producer has developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>There is no conclusive evidence that Birla is sourcing from ancient and endangered forests, as identified in the advice note on Ancient and Endangered forests and the dissolving pulp classification tool</p>
<p><b>Summary:</b> Birla works closely with Canopy with open communication and invitation for collaboration and input. There is no conclusive evidence that Birla is sourcing from ancient and endangered forests, as identified in the advice note on Ancient and Endangered forests and the dissolving pulp classification tool</p>	

**7. The MMCF producer shall recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and affiliated companies.**

Indicators	Findings
<p>7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  No evidence has been provided that demonstrates a requirement for all suppliers to adopt a policy, systems and procedures to implement FPIC, however all suppliers do hold FSC certification. Where materials are received via a certification scope of FSC FM, FPIC can be considered implemented. Where materials are received via a certification scope of FSC CW, a risk approach to FPIC is implemented, rather than mandatory implementation.</p> <p>Not all materials are sourced with certification claims, therefore given that there is no documentation accompanying the material that it is certified, assurance that FPIC is implemented cannot be confirmed.</p> <p>It is worth noting that some dissolving pulp mills that are Birla owned such as AVC, AVN and Domsjo can provide evidence of the implementation of FPIC, but this does not cover all supply to all fiber mills.</p>
<p>7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  Birla relies on their certifications to document conformance with commitments to recognize and respect human rights, community rights, and rights of workers. All fiber mills and dissolving pulp suppliers hold FSC certification which requires them to sign the policy for association which declares the company to not be directly or indirectly involved in the following activities:</p> <p>a) Illegal logging or the trade in illegal wood or forest products</p> <p><b>b) Violation of traditional and human rights in forestry operations</b></p> <p>c) Destruction of high conservation values in forestry operations</p> <p>d) Significant conversion of forests to plantations or non-forest use</p>

	<p>e) Introduction of genetically modified organisms in forestry operations</p> <p><b>f) Violation of any of the ILO Core Conventions (as defined in the ILO Declaration on Fundamental Principles and Rights at Work)</b></p> <p>This policy documents conformance to this indicator via b and c above, as well as the fact of full coverage of mills and suppliers having signed the policy for their active FSC certification.</p>
<p>7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>All fiber mills source from dissolving pulp manufacturers that hold FSC COC certification, both requiring a complaints mechanism. However, not all dissolving pulp is being sourced with certified claims, and the complaints mechanism requirements of FSC do not require transparency – a public posting or process.</p> <p>No evidence of complaints have been found.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and Company structure to recognize and respect the rights of its workers.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>Birla is a large international company, with many divisions. Evidence from interviews and company-wide documents and policies show the existence of documented policies and procedures, designated responsible staff with authority to manage workers’ rights, and no evidence of issues with workers’ rights during the audit.</p>
<p>7.5 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>All tier one suppliers have signed FSC’s policy for association to maintain their active FSC</p>

<p>7.6 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations.**</p>	<p>certification. See finding 7.2 above and FSC PfA bullet point f).</p> <p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>No evidence of avoidance or failing to resolve social conflicts and remedy past or current human rights violations have been found. As evidence in 7.1-7.5 shows, the recognition and respect for human rights is demonstrated via the company's various policies and certifications.</p>
<p><b>Summary:</b> Birla makes use of their company's policies and certifications 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. No evidence of violations of these commitments have been found during this audit.</p>	

8. Development of Innovative and Alternative Fiber	
Indicators	Findings
<p>8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>Alternate raw materials have been a focus of Birla Cellulose's R&amp;D department since the last CanopyStyle audit, mainly regarding pre-consumer cotton fabric waste. Birla has also partnered with various technology providers for post-consumer garment waste.</p> <p>An internal action plan was provided for auditor review as evidence of conformance with this requirement. The action plan provides information on the alternate raw materials that includes the timeline of activities and status of completion, the material suppliers, as well as technology providers that they are collaborating with.</p>
<p>8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p>

	<p><b>Description of the finding:</b> Most of the R&amp;D phases for the production of the above mentioned alternate raw materials has been completed, and Birla has entered a commercial scale phase on the pre-consumer garment waste. Commercial scale phase for the post-consumer garment waste is planned but not yet completed.</p>
<p><b>Summary:</b> Birla Cellulose has invested in alternate raw material sources that include both pre-consumer and post-consumer garment waste. An action plan for research and development, collaboration with technology partners and commercialization has been created and is being implemented. Full implementation has not yet been achieved, but there is steady progress to meet goals.</p>	
<p><b>9. Advocacy for conservation solutions</b></p>	
<p><b>Indicators</b></p>	<p><b>Findings</b></p>
<p>9.1 The MMCF producer has a track record of participating in events and taking actions that support collaborative and visionary system solutions that aim to protect remaining ancient and endangered forests.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> Birla has demonstrated a track record of participation in events and taking action as follows:</p> <ul style="list-style-type: none"> <li>• Weekly calls with Canopy</li> <li>• Attendance at Canopy’s Summit in China (Birla gave a presentation)</li> <li>• Gave a public endorsement of Canopy’s ForestMapper with logo on website</li> <li>• Encourages other peers in the industry to join the CanopyStyle Initiative.</li> <li>• Favourable to large scale conservation planning.</li> </ul>
<p>9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions including Free, Prior and Informed Consent of affected indigenous and local communities.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> To meet demand, Birla has ramped up their sourcing of FSC 100% certified to be able to make more FSC Mix Credit claims from their dissolving pulp mills. An increase in certified volumes positively impacts conservation as well as development solutions including FPIC.</p>
<p>9.3 The MMCF producer publicly supports large scale scientifically based conservation solutions, international and national target(s) and programs for preserving</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress</p>

<p>designated protected and conservation areas including the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<p><input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  Birla maintains their support of large scale scientifically based conservation solutions. New developments since their last audit in this area are:</p> <ul style="list-style-type: none"> <li>• AV- Working with the Nature Conservancy to isolate and protect areas of high conservation value along the Saint John river watershed (New Brunswick)</li> <li>• AV -Participation in the protected natural areas committee for the province of NB.</li> <li>• AV -Donating land and supporting easements of special lands (HCVs)</li> <li>• Working with Canopy on an initiative regarding scientific based conservation solution for a large license/forest area in Canada</li> </ul>
<p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  See efforts mentioned in findings above as well as the various certifications that are held by the mills, which are designed to protect and enhance endangered species populations and their habitats.</p>
<p><b>Summary:</b> Birla Cellulose has been a strong participant in events to promote the protection of ancient endangered forests and scientifically based conservation solutions. Actions include the gaining of FSC certification, but also additional management planning, protection of HCVs through easements and a strong working relationship with Canopy.</p>	

10. Responsible forest management	
Indicators	Findings
<p>10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  Birla Cellulose has achieved FSC COC certification for all of its mills (both fiber and dissolving pulp) and has increased their volumes of FSC certified sourcing, as evidence by this audits volume reporting. There are plans to explore FSC on a tenure as well as a co-managed forest with first nations.</p>

**Summary:** Birla Cellulose has designed their criteria for responsible forest management in their company policy and has achieved FSC certification for all mills (both dissolving pulp and fiber mills). Birla has also provided evidence of an increase in FSC certified sourcing. However, it is noted that not all fiber mills request and/or require FSC claims on incoming pulp purchases.

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 developed and implemented procedures to evaluate their suppliers' performance in reducing GHG.	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>            Birla has many initiatives across their business to evaluate performance in GHG including using their Life Cycle Assessment and using the Higg Index to monitor all Birla owned manufacturing units. Interviews indicate that the company is carbon neutral where sequestration is higher than emissions and evidence has been provided via Birla's Carbon Footprint Evaluation Report. However, no evidence has been provided of monitoring the performance of reducing GHG at the external suppliers' operations.  <a href="https://www.adityabirla.com/media/stories/birla-cellulose-securing-a-sustainable-supply-chain">https://www.adityabirla.com/media/stories/birla-cellulose-securing-a-sustainable-supply-chain</a></p> <p>The LCA and Higg Index reports have not been reviewed as a part of this audit.</p>
11.2 The MMCF producer can document giving preference to suppliers that have identified and adopted management measures to protect forests, forested peatland at the concession and landscape level (peat dome) and identify, withdraw from and restore peatlands and their hydrology.**	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input checked="" type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>            All suppliers hold FSC CoC certification and under the scope of their certification source FSC FM or FSC CW which gives some assurance that HCV forests (including peatland) are protected. However, these certifications do not provide full compliance with this indicator as not all fiber mills source pulp with FSC claims. This indicator is therefore being graded as in progress.</p>
<p><b>Summary:</b> Birla makes use of an industry standard index tool to evaluate their performance regarding GHG and design and implement improvements on a yearly basis. Birla has also undergone a life cycle assessment and carbon footprint analysis.</p>	

12. Pollution Prevention	
Indicators	Findings
12.1 This verification process <u>will not</u> address the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality. However, it will be noted when MMCF producers invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process). The indicators will be the number of mills using such cleaner processes and the % of overall volumes produced with such technology. This information will be treated and framed as additional bonus performance by the MMCF producer.	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p><b>Description of the finding:</b></p> <p>As a member of the Sustainable Apparel Coalition, Birla uses the Higg Index Tool to monitor the manufacturing units' performance on environmental scales, including pollution. These assessments contribute to improvement plans for the operation plants.</p> <p><a href="https://www.adityabirla.com/media/stories/birla-cellulose-securing-a-sustainable-supply-chain">https://www.adityabirla.com/media/stories/birla-cellulose-securing-a-sustainable-supply-chain</a></p> <p>The LCA and Higg Index reports have not been reviewed as a part of this audit.</p>
<p><b>Summary:</b> Birla makes use of an industry standard index tool to evaluate their performance regarding pollution and design and implement improvements on a yearly basis.</p>	

\*\* Indicates Critical Indicators

## Appendix 2: standard checklist (CanopyStyle Verification Framework – Viscose Mill 1 Checklist)

### 1. Evaluation of Participating site: Participating site: Thai Rayon Public Co., Ltd

<b>Primary Responsible Person:</b> (Responsible for control system at site(s))	Manoj Mittal (Head – Material Management)
<b>Auditor(s):</b>	Randy Perdana (Lead Auditor)
<b>People Interviewed, Titles:</b>	Manoj Mittal (Head – Material Management) Sudjai Chidkhrue (Manager ISO) Chantreeya (COC staff) Narigara M (Officer Admin)
<b>Comments:</b>	

### 2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy	
Indicators	Findings
1.10 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.**	<p><b>Conformance with Indicator:</b></p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> The company has established the policy and made it public via their website and internal procedure (Wood Fibre Sourcing Policy). All key managers are aware of the policy and able to demonstrate implementation of the policy.
1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**	<b>Conformance with Indicator:</b> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> During site visit, all staff followed the procedures that has been developed and followed the direction of the manager and supervisor, such as documentation received with materials from listed supplier (FSC certified).
<b>Summary:</b> Thai Rayon has sufficient communication and publication of the policy and implementing it in the company's daily activities.	

2. Sourcing from transparent supply chains that are in conformance with the policy.	
Indicators	Findings
2.6 The production site/mill maintains all <u>purchase and sales</u> , documentation related to the wood fiber <u>inputs</u> . Such documentation includes an identification of the forest of origin.	<b>Conformance with Indicator:</b> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available  <b>Description of the finding:</b> During site visit and interview session, Thai Rayon doesn't have overall responsibility and authority to make purchasing decisions (include identification of the forest of origin). Only checking supplier documents and monitor whether compliance based on FSC requirements or not. Some of sample purchased has identification of origin countries (South Africa and Canada) inside the documents.
2.7 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u> . Such documentation includes an identification of the forest of origin.	<b>Conformance with Indicator:</b> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available

	<p><b>Description of the finding:</b> Auditor has taken sample of purchased/delivery documents which is provided by Thai Rayon and the company has managed the records and check purchased documents which is contain information about supplier name, quantity, material categories and information about identification of the forest of origin in each of document which is contain country of South Africa/Canada.</p>
<p>2.8 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>	<p><b>Conformance with Indicator:</b>  <input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> Auditor team has taken several samples from the range(February – September 2019) and it's indicated that all materials which is received from suppliers contain information about FSC certificate code, FSC claim (FSC Mix, FSC CW) / material categories. Auditor also observe in the warehouse for the actual raw of material products.</p>
<p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</p>	<p><b>Conformance with Indicator:</b>  <input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> The company has managed annual summaries in range February – September 2019. Information about FSC material consumption, input to production, sales and balance has been indicated under WH Report of fibre quantity. It contains information quantity about purchase, production, sales and last balance.</p>
<p>2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant</p>	<p><b>Conformance with Indicator:</b>  <input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b> All the purchasing / supplier documents are indicated information of forest of origin (South Africa, Canada). Auditor has taken sample several documents</p>

**Summary:** Thai Rayon does not have overall responsibility and authority to make purchasing decisions (which is maintained directly by Aditya Birla central office). However, information about identification forest of origin has indicated in each of documents and Thai Rayon only checking all documents requirements.

**4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.**

Indicators	Findings
<p>4.4 The production site/mill is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  The company aware of Green Industry, ISO 14001:2015, ISO 9001:2015 and managed environment control based on Thailand regulation.  Additionally, based on the interview, the company obeys all relevant local, national and international laws such as environmental-protecting laws, tax code and trade and custom laws etc. There is no evidence of non-compliance, with local, national or international laws.</p>
<p>4.5 Production site/mill understands the definitions of Ancient and Endangered forests and controversial sources. They also comply with the commitment to not receive wood from Ancient and Endangered forests and controversial sources.</p>	<p><b>Conformance with Indicator:</b></p> <p><input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  During interview session, the key manager and staff was aware and committed to not sourcing from ancient and endangered forest and controversial sources. Procedure/statement letter has been made in Wood Policy Fibre internal guidance.</p>
<p>4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b>  Due all the purchasing process are managed by Aditya Birla itself, therefore risk assessment for sourcing material is not applicable in this mill.</p>

	<p>However, according interview with Mill Responsible staff and document review (Global Fibre Flow Maps), all the wood supply area level is low risk. This documents (Maps) has been shared to all mills by Aditya Birla.</p>
<p>4.7 The sourcing from regions that contain Ancient and Endangered forests and other controversial sources is verified to low risk by this CanopyStyle audit.</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>All the purchasing processes are managed by Aditya Birla, therefore information about sourcing material is not applicable in this mill. However, based on Global Maps shared with Thai Rayon by Aditya Birla, all supplies are verified low risk.</p>
<p><b>Summary:</b> Thai Rayon doesn't have any responsibility for assessment of sourcing material due all the process has been managed directly by Aditya Birla. However, Global Maps of Ancient area has been indicated in this mill due it has been share by Aditya Birla as main office.</p>	

5. Actions if suppliers contravene criteria	
Indicators	Findings
<p>5.4 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying non-conformances to the CanopyStyle policy and sanctions to suppliers in such cases where non-conformances are identified.</p>	<p><b>Conformance with Indicator:</b></p> <p><input checked="" type="checkbox"/> Not Applicable  <input type="checkbox"/> Commitment Met  <input type="checkbox"/> Commitment in Progress  <input type="checkbox"/> Commitment Not Met  <input type="checkbox"/> Insufficient Information Available</p> <p><b>Description of the finding:</b></p> <p>During inspection and interview with the key manager, Thai Rayon doesn't have authority to have supplier monitoring program because all procurement processes have been managed by the Central Office.</p>
<p><b>Summary:</b> Thai Rayon doesn't have authority to have a supplier monitoring program because procurement and potential sanctions are done by Birla HQ.</p>	

## Appendix 3: Recommendations for Improvement



### Recommendations for Aditya Birla's continuous improvement August 2020

Canopy applauds Aditya Birla for completing its 2nd verification audit, and demonstrating a strong commitment to your wood sourcing policy, support for on-the ground conservation and the increase in use of Next Generation fibre solutions. The audit indicates an overall low risk of sourcing from Ancient and Endangered Forests and other controversial sources. One of the short notice visits planned for this audit was not completed because of COVID-19 restrictions, and will be rescheduled once site visits are again possible and added to the Aditya Birla's 2nd CanopyStyle audit report when completed.

The CanopyStyle audit is a learning opportunity, and in the spirit of continuous improvement, additional actions can be taken over time to fully implement Aditya Birla's policy commitments. Based on the review of the 2nd audit report, Canopy recommends the following next steps:

- Adoption of ambitious public targets and timelines for increasing the use of Next Generation alternative fibres in a commercially competitive way;
- Build on the company's engagement in the Initiative to include advocacy actions for the conservation of key priority forest regions;
- Increase the amount of FSC fibre used, with a preference for fibre from FSC certified forests (FSC 100%);
- Develop and implement a procedure with suppliers to identify the initial date of the plantation and avoid plantations that were established post 1994 and non FSC 100% certified.
- Establish internal systems to monitor policy implementation of policy beyond FSC and other certification systems.
- Publish updated list of suppliers.
- Adopt best in class processing technologies. Work with experts in the field to implement, for all sites, pollution control technologies to limit their impact. Implement the new ZDHC MMCF guidelines<sup>i</sup> for chemical management, which give suppliers unified criteria for measuring output indicators like wastewater, sludge, air emissions and other process-related parameters.
- We recommend that the company develop an action plan for these priority issues, so that they can be addressed before the next annual audit.
- As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will support Aditya Birla to continue to implement their policy and meet the expectations of the CanopyStyle Initiative.
- Once again, we congratulate you for the completion of the audit and for proactively taking steps to reduce risk in your supply chain. We look forward to working collaboratively with Aditya Birla to address any outstanding issue

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<sup>i</sup> <https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released>